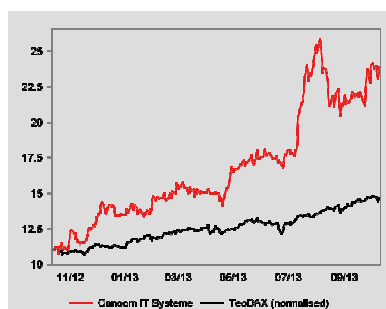


<b>Buy</b> <b>EUR 26.50</b>  Price <b>EUR 23.90</b> Upside <b>10.9 %</b>	<b>Value Indicators:</b> EUR DCF: 26.80 FCF-Value Potential: 29.00	<b>Share data:</b> Bloomberg: COK GR Reuters: COKG ISIN: DE0005419105	<b>Description:</b> One of the three largest independent system houses in Germany
	<b>Market Snapshot:</b> EUR m Market cap: 273.1 No. of shares (m): 11.4 EV: 239.9 Freefloat MC: 262.2 Ø Trad. Vol. (30d): 1.56 m	<b>Shareholders:</b> Freefloat 96.0 % Klaus Weinmann (CEO) 2.0 % S. Kober (Superv. Board) 2.0 %	<b>Risk Profile (WRe):</b> 2013e Beta: 1.3 Price / Book: 3.3 x Equity Ratio: 41 % Net Fin. Debt / EBITDA: -1.0 x Net Debt / EBITDA: -1.0 x

## Takeover bid for Pironet

- Yesterday evening CANCOM announced a voluntary bid for Pironet. Its shareholders will be offered EUR 4.50 in cash. As we have assumed, CANCOM is not paying a high premium.
- CANCOM already holds 13.65% of the shares in Pironet and has agreed with Felix Höger, CEO of PIRONET NDG AG, and Udo Faulhaber, a member of the company's Executive Board, to purchase their PIRONET shares for EUR 4.50. These two agreements cover a total of approximately 13.75% of PIRONET NDG AG's shares and will bring CANCOM SE's shareholding to approximately 27.4%. Furthermore, CANCOM has not mentioned if the company has already secured the shares of the majority shareholder Otto Wolff Industrieberatung und Beteiligungen GmbH. Therefore, there are some risks for the takeover bid.
- To make the acquisition, CANCOM will issue shares in exchange for cash contributions. Further details (e.g. a minimum acceptance threshold, time-frame of the offering, price of the new CANCOM shares etc.) of the capital increase have yet to be announced. The new shares will be offered to shareholders in a public offering. The capital increase by means of subscription rights will be based on a prospectus.
- PIRONET NDH AG, based in Cologne, Germany, is the parent company of a group of IT companies specialising in cloud computing and content management business segments. The company provides IT resources and business applications as cloud services from its data centres in Germany. The portfolio of services offered by the group also includes planning, integration and operation of local private cloud and IT solutions at customer locations. The company has 280 staff.
- Given Pironet's 2014e EV/EBIT multiple of 13 and growth of ca. 10%, the acquisition does not look cheap – especially compared to CANCOM's EV/EBIT 2014e of 7 and given the fact that CANCOM has a proprietary private cloud offering, AHP private cloud. The average price target for Pironet is approximately EUR 4.50 according to Bloomberg. However, we assume that CANCOM will attempt to leverage its sales force to market Pironet's Cloud Managed Services in order to create higher growth. Thus, the acquisition aims to strengthen CANCOM's cloud position in the German market.
- We estimate that CANCOM will need EUR 50m cash for the acquisition. Although Pironet (market cap ca. EUR 68m) has a net cash position of EUR 18m, CANCOM will need 75% of the voting rights (i.e. the shares of the majority shareholder) to gain access to this amount. As the terms and conditions of the capital increase are not available and it is not yet clear if the majority shareholder will sell his shares (he has not done so at higher Pironet share prices), we do not change our estimates, PT or rating for CANCOM.

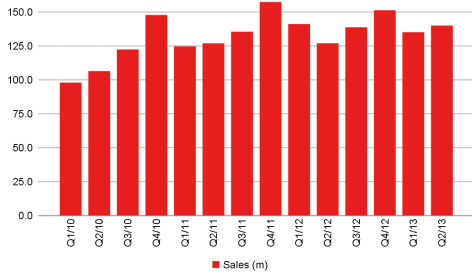


<b>Rel. Performance vs TecDAX:</b>	
1 month:	5.7 %
6 months:	43.0 %
Year to date:	46.1 %
Trailing 12 months:	78.0 %

<b>Company events:</b>	
05.11.13	RS CGN/DUS
08.11.13	Q3

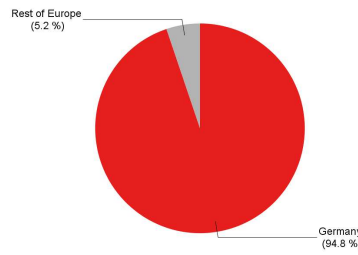
FY End: 31.12. in EUR m	CAGR (12-15e)	2009	2010	2011	2012	2013e	2014e	2015e
<b>Sales</b>	7.4 %	422.5	474.6	544.4	558.1	593.0	660.0	691.0
Change Sales yoy		16.0 %	12.3 %	14.7 %	2.5 %	6.3 %	11.3 %	4.7 %
Gross profit margin		27.6 %	29.4 %	29.1 %	29.7 %	31.7 %	31.1 %	31.2 %
<b>EBITDA</b>	16.9 %	10.4	19.0	25.0	28.1	32.2	40.1	44.9
Margin		2.5 %	4.0 %	4.6 %	5.0 %	5.4 %	6.1 %	6.5 %
<b>EBIT</b>	20.5 %	7.0	15.2	18.5	20.7	24.1	31.6	36.2
Margin		1.6 %	3.2 %	3.4 %	3.7 %	4.1 %	4.8 %	5.2 %
<b>Net income</b>	29.6 %	5.1	7.8	11.5	11.5	16.1	21.8	25.0
<b>EPS</b>	23.4 %	0.49	0.76	1.11	1.09	1.41	1.79	2.05
<b>EPS adj.</b>	23.4 %	0.49	0.77	1.11	1.09	1.41	1.79	2.05
<b>DPS</b>	0.0 %	0.15	0.15	0.30	0.35	0.35	0.35	0.35
Dividend Yield		6.4 %	2.2 %	3.4 %	2.9 %	1.5 %	1.5 %	1.5 %
<b>FCFPS</b>		0.58	0.86	1.67	0.34	0.63	1.44	1.79
<b>EV / Sales</b>		0.0 x	0.1 x	0.1 x	0.2 x	0.4 x	0.4 x	0.3 x
<b>EV / EBITDA</b>		2.0 x	3.7 x	2.9 x	3.5 x	7.5 x	6.1 x	5.0 x
<b>EV / EBIT</b>		3.0 x	4.6 x	3.9 x	4.7 x	10.0 x	7.7 x	6.2 x
<b>P / E</b>		4.8 x	9.0 x	8.0 x	11.0 x	16.9 x	13.3 x	11.7 x
<b>P / E adj.</b>		4.8 x	8.9 x	8.0 x	11.0 x	16.9 x	13.3 x	11.7 x
<b>FCF Yield Potential</b>		27.0 %	9.1 %	15.7 %	9.8 %	6.8 %	9.0 %	10.9 %
<b>Net Debt</b>		-3.5	-0.8	-20.5	-29.1	-33.2	-47.2	-65.2
<b>ROE</b>		12.2 %	16.5 %	20.6 %	16.2 %	19.6 %	23.4 %	22.1 %
<b>ROCE (NOPAT)</b>		15.1 %	24.1 %	29.0 %	29.1 %	32.4 %	41.8 %	44.6 %
<b>Guidance:</b>	So far, no guidance for 2013 has been provided by the company.							

**Sales development**  
in EUR m



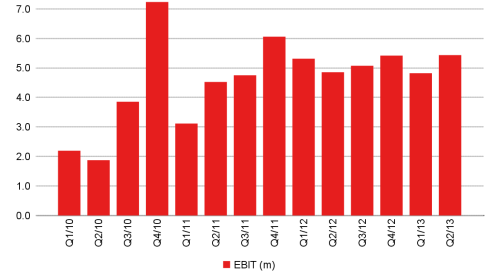
Source: Warburg Research

**Sales by regions**  
2012; in %



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

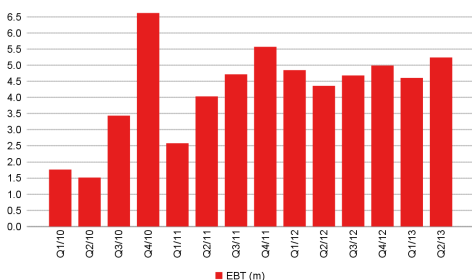
**Company Background**

- Cancom is the third-largest independent system house in Germany.
- The range of products and services the company offers includes the sale of hardware and software of all the main producers as well as IT-services (conception, integration and operation of IT systems).
- The company employs more than 2,000 people in more than 30 locations in Germany and Austria. More than half of the employees work in the service business areas.

**Competitive Quality**

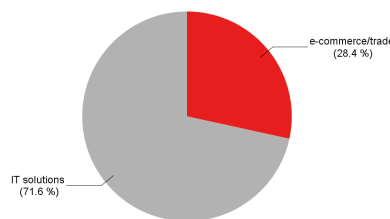
- The German system house market is intensely competitive and strongly fragmented. As one of the largest system houses in Germany, Cancom achieves competitive advantages over most of its smaller competitors with...
  - ...favourable purchasing conditions
  - ...the wide range of products and services offered as a one-stop-shop supplier
  - ...its presence in more than 30 locations in Germany, which contributes to a high quality of service on location.
- Acquisitions are a part of the company strategy. These serve to improve purchasing conditions, to build up regional presence and extend the range of products and services on offer.

**EBT development**  
in EUR m



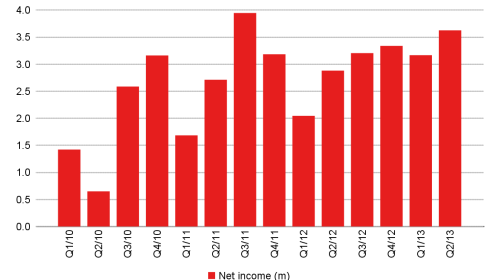
Source: Warburg Research

**Sales by segments**  
2012; in %



Source: Warburg Research

**Net income development**  
in EUR m



Source: Warburg Research

**DCF model**

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	
Sales	593.0	660.0	691.0	711.7	732.0	751.8	771.2	790.0	808.4	826.2	843.5	860.3	877.5	
Sales change	6.3 %	11.3 %	4.7 %	3.0 %	2.9 %	2.7 %	2.6 %	2.4 %	2.3 %	2.2 %	2.1 %	2.0 %	2.0 %	2.0 %
EBIT	24.1	31.6	36.2	35.6	36.6	37.6	38.6	39.5	40.4	41.3	42.2	43.0	43.9	
EBIT-margin	4.1 %	4.8 %	5.2 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %
Tax rate (EBT)	31.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	31.0 %	
NOPAT	16.6	22.1	25.3	24.9	25.6	26.3	27.0	27.7	28.3	28.9	29.5	30.1	30.3	
Depreciation	8.1	8.5	8.7	10.7	11.0	11.3	11.6	11.9	12.1	12.4	12.7	12.9	13.2	
in % of Sales	1.4 %	1.3 %	1.3 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %
Changes in provisions	-0.1	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	7.4	3.1	1.4	-3.4	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	
- Capex	9.5	9.7	10.5	11.7	12.1	12.4	12.7	13.0	13.3	13.6	13.9	14.2	14.5	
Capex in % of Sales	1.6 %	1.5 %	1.5 %	1.7 %	1.7 %	1.7 %	1.7 %	1.7 %	1.7 %	1.7 %	1.7 %	1.7 %	1.7 %	1.7 %
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)	7.7	17.8	22.1	27.2	23.8	24.5	25.1	25.8	26.4	27.0	27.6	28.2	28.3	29
PV of FCF	7.6	16.2	18.3	20.6	16.5	15.5	14.5	13.6	12.8	11.9	11.1	10.4	9.5	131
share of PVs	13.61 %			44.09 %										42.30 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.30
Cost of debt	2.8 %	Liquidity	1.00
Market return	8.00 %	Cyclicality	1.30
Risk free rate	2.50 %	Transparency	1.30
		Others	1.40
<b>WACC</b>	<b>9.43 %</b>	<b>Beta</b>	<b>1.26</b>

**Valuation (m)**

Present values 2025e	179		
Terminal Value	131		
Financial liabilities	5		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	22	No. of shares (m)	12.2
<b>Equity Value</b>	<b>326</b>	<b>Value per share (EUR)</b>	<b>26.78</b>

**Sensitivity Value per Share (EUR)**

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.44	10.4 %	23.10	23.32	23.55	23.79	24.05	24.33	24.62	1.44	10.4 %	16.27	18.78	21.28	23.79	26.30	28.81	31.31
1.35	9.9 %	24.37	24.62	24.90	25.19	25.50	25.83	26.19	1.35	9.9 %	17.22	19.88	22.53	25.19	27.85	30.50	33.16
1.31	9.7 %	25.06	25.34	25.64	25.96	26.30	26.66	27.05	1.31	9.7 %	17.74	20.48	23.22	25.96	28.70	31.44	34.17
1.26	9.4 %	25.79	26.10	26.43	26.78	27.15	27.55	27.98	1.26	9.4 %	18.30	21.12	23.95	26.78	29.60	32.43	35.26
1.21	9.2 %	26.57	26.91	27.27	27.65	28.07	28.51	28.99	1.21	9.2 %	18.89	21.81	24.73	27.65	30.57	33.49	36.41
1.17	8.9 %	27.40	27.77	28.17	28.59	29.05	29.54	30.07	1.17	8.9 %	19.53	22.55	25.57	28.59	31.61	34.63	37.65
1.08	8.4 %	29.24	29.69	30.17	30.69	31.25	31.86	32.52	1.08	8.4 %	20.96	24.20	27.45	30.69	33.94	37.18	40.42

- In the long term, company growth is expected to match the growth of the German IT market.
- Working capital requirements are low despite reseller activities.

**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 by discounting the "FCF potential" of a given year with 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	2009	2010	2011	2012	2013e	2014e	2015e	
Net Income before minorities	5.1	7.9	11.7	11.6	16.1	21.8	25.0	
+ Depreciation + Amortisation	3.4	3.8	6.6	7.4	8.1	8.5	8.7	
- Net Interest Income	-1.3	-1.8	-1.6	-1.8	-0.7	-0.5	-0.5	
- Maintenance Capex	4.2	7.2	8.5	11.3	8.6	8.7	9.5	
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>= Free Cash Flow Potential</b>	<b>5.6</b>	<b>6.4</b>	<b>11.3</b>	<b>9.5</b>	<b>16.4</b>	<b>22.1</b>	<b>24.7</b>	
Free Cash Flow Yield Potential	27.0 %	9.1 %	15.7 %	9.8 %	6.8 %	9.0 %	10.9 %	
WACC	9.43 %	9.43 %	9.43 %	9.43 %	9.43 %	9.43 %	9.43 %	
<b>= Enterprise Value (EV)</b>	<b>20.8</b>	<b>69.8</b>	<b>72.2</b>	<b>97.3</b>	<b>239.9</b>	<b>243.9</b>	<b>225.9</b>	
<b>= Fair Enterprise Value</b>	<b>59.5</b>	<b>67.4</b>	<b>120.1</b>	<b>100.8</b>	<b>173.6</b>	<b>234.0</b>	<b>262.1</b>	
- Net Debt (Cash)	-29.2	-29.2	-29.2	-29.2	-33.2	-47.2	-65.2	
- Pension Liabilities	0.1	0.1	0.1	0.1	0.0	0.0	0.0	
- 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	
<b>= Fair Market Capitalisation</b>	<b>88.6</b>	<b>96.5</b>	<b>149.2</b>	<b>129.9</b>	<b>206.8</b>	<b>281.2</b>	<b>327.2</b>	
No. of shares (total) (m)	11.4	11.4	11.4	11.4	11.4	11.4	11.4	
<b>= Fair value per share (EUR)</b>	<b>7.75</b>	<b>8.44</b>	<b>13.06</b>	<b>11.36</b>	<b>18.09</b>	<b>24.60</b>	<b>28.63</b>	
premium (-) / discount (+) in %					-24.3 %	3.0 %	19.8 %	
<b>Sensitivity Fair value per Share (EUR)</b>								
	12.43 %	6.49	7.02	10.52	9.24	14.43	19.66	23.10
	11.43 %	6.84	7.41	11.22	9.82	15.43	21.02	24.62
	10.43 %	7.25	7.88	12.05	10.52	16.63	22.64	26.43
WACC	<b>9.43 %</b>	<b>7.75</b>	<b>8.44</b>	<b>13.06</b>	<b>11.36</b>	<b>18.09</b>	<b>24.60</b>	<b>28.63</b>
	8.43 %	8.36	9.14	14.30	12.41	19.89	27.03	31.35
	7.43 %	9.15	10.03	15.89	13.74	22.18	30.11	34.80
	6.43 %	10.17	11.20	17.96	15.48	25.18	34.15	39.33

- Business model with low capex requirements and high FCF...
- ...provides scope for acquisitions and pay-outs to shareholders.

<b>Valuation</b>							
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013e</b>	<b>2014e</b>	<b>2015e</b>
Price / Book	0.6 x	1.4 x	1.5 x	1.6 x	3.3 x	2.8 x	2.4 x
Book value per share ex intangibles	1.19	0.81	2.03	3.72	4.63	5.93	7.75
EV / Sales	0.0 x	0.1 x	0.1 x	0.2 x	0.4 x	0.4 x	0.3 x
EV / EBITDA	2.0 x	3.7 x	2.9 x	3.5 x	7.5 x	6.1 x	5.0 x
EV / EBIT	3.0 x	4.6 x	3.9 x	4.7 x	10.0 x	7.7 x	6.2 x
EV / EBIT adj.*	3.0 x	4.6 x	3.9 x	4.7 x	10.0 x	7.7 x	6.2 x
P / FCF	4.0 x	8.0 x	5.3 x	35.1 x	38.6 x	16.6 x	13.4 x
P / E	4.8 x	9.0 x	8.0 x	11.0 x	16.9 x	13.3 x	11.7 x
P / E adj.*	4.8 x	8.9 x	8.0 x	11.0 x	16.9 x	13.3 x	11.7 x
Dividend Yield	6.4 %	2.2 %	3.4 %	2.9 %	1.5 %	1.5 %	1.5 %
Free Cash Flow Yield Potential	27.0 %	9.1 %	15.7 %	9.8 %	6.8 %	9.0 %	10.9 %
*Adjustments made for: -							

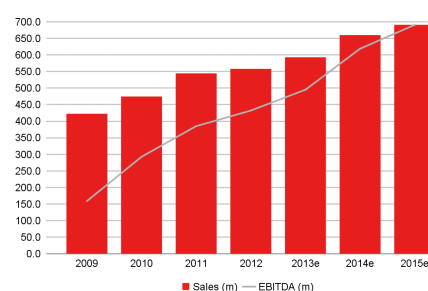
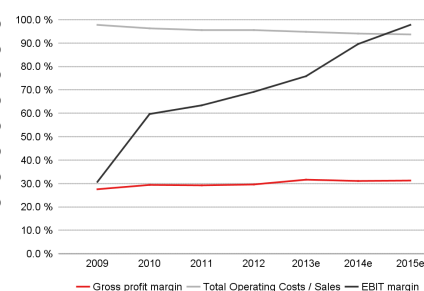
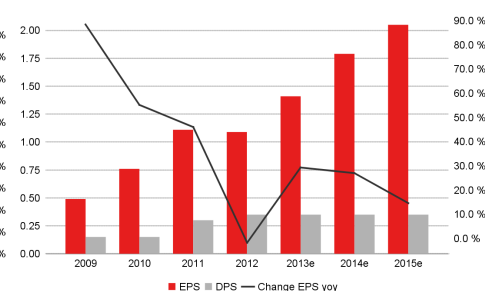
**Consolidated profit & loss**

In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
<b>Sales</b>	<b>422.5</b>	<b>474.6</b>	<b>544.4</b>	<b>558.1</b>	<b>593.0</b>	<b>660.0</b>	<b>691.0</b>
Change Sales yoy	16.0 %	12.3 %	14.7 %	2.5 %	6.3 %	11.3 %	4.7 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	1.0	1.3	0.9	2.5	1.5	1.2	1.2
<b>Total Sales</b>	<b>423.4</b>	<b>475.8</b>	<b>545.3</b>	<b>560.6</b>	<b>594.5</b>	<b>661.2</b>	<b>692.2</b>
Material Expenses	306.8	336.3	386.6	395.1	406.5	456.1	476.8
<b>Gross profit</b>	<b>116.6</b>	<b>139.5</b>	<b>158.7</b>	<b>165.5</b>	<b>188.0</b>	<b>205.1</b>	<b>215.4</b>
<i>Gross profit margin</i>	<i>27.6 %</i>	<i>29.4 %</i>	<i>29.1 %</i>	<i>29.7 %</i>	<i>31.7 %</i>	<i>31.1 %</i>	<i>31.2 %</i>
Personnel expenses	82.8	97.0	108.0	112.4	130.0	132.0	136.0
Other operating income	2.7	3.4	0.7	0.6	3.0	3.3	3.5
Other operating expenses	26.1	26.9	26.4	25.8	28.8	36.3	38.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>10.4</b>	<b>19.0</b>	<b>25.0</b>	<b>28.1</b>	<b>32.2</b>	<b>40.1</b>	<b>44.9</b>
<i>Margin</i>	<i>2.5 %</i>	<i>4.0 %</i>	<i>4.6 %</i>	<i>5.0 %</i>	<i>5.4 %</i>	<i>6.1 %</i>	<i>6.5 %</i>
Depreciation of fixed assets	2.4	2.1	2.8	4.0	4.5	4.7	4.8
<b>EBITA</b>	<b>7.9</b>	<b>16.9</b>	<b>22.2</b>	<b>24.0</b>	<b>27.7</b>	<b>35.4</b>	<b>40.1</b>
Amortisation of intangible assets	0.9	1.7	3.7	3.4	3.6	3.8	3.9
Goodwill amortization	0.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>7.0</b>	<b>15.2</b>	<b>18.5</b>	<b>20.7</b>	<b>24.1</b>	<b>31.6</b>	<b>36.2</b>
<i>Margin</i>	<i>1.6 %</i>	<i>3.2 %</i>	<i>3.4 %</i>	<i>3.7 %</i>	<i>4.1 %</i>	<i>4.8 %</i>	<i>5.2 %</i>
<b>EBIT adj.</b>	<b>7.0</b>	<b>15.2</b>	<b>18.5</b>	<b>20.7</b>	<b>24.1</b>	<b>31.6</b>	<b>36.2</b>
Interest income	0.2	0.1	0.3	0.4	0.3	0.3	0.3
Interest expenses	1.5	2.0	2.2	2.1	1.0	0.8	0.8
Other financial income (loss)	0.0	0.0	0.4	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>5.7</b>	<b>13.3</b>	<b>16.9</b>	<b>18.9</b>	<b>23.4</b>	<b>31.1</b>	<b>35.7</b>
<i>Margin</i>	<i>1.3 %</i>	<i>2.8 %</i>	<i>3.1 %</i>	<i>3.4 %</i>	<i>3.9 %</i>	<i>4.7 %</i>	<i>5.2 %</i>
Total taxes	0.6	3.7	4.9	6.6	7.2	9.3	10.7
<b>Net income from continuing operations</b>	<b>5.1</b>	<b>9.6</b>	<b>12.0</b>	<b>12.3</b>	<b>16.1</b>	<b>21.8</b>	<b>25.0</b>
Income from discontinued operations (net of tax)	0.0	-1.7	-0.3	-0.7	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>5.1</b>	<b>7.9</b>	<b>11.7</b>	<b>11.6</b>	<b>16.1</b>	<b>21.8</b>	<b>25.0</b>
Minority interest	0.0	0.1	0.2	0.1	0.0	0.0	0.0
<b>Net income</b>	<b>5.1</b>	<b>7.8</b>	<b>11.5</b>	<b>11.5</b>	<b>16.1</b>	<b>21.8</b>	<b>25.0</b>
<i>Margin</i>	<i>1.2 %</i>	<i>1.6 %</i>	<i>2.1 %</i>	<i>2.1 %</i>	<i>2.7 %</i>	<i>3.3 %</i>	<i>3.6 %</i>
Number of shares, average	10.4	10.3	10.4	10.6	11.4	12.2	12.2
<b>EPS</b>	<b>0.49</b>	<b>0.76</b>	<b>1.11</b>	<b>1.09</b>	<b>1.41</b>	<b>1.79</b>	<b>2.05</b>
EPS adj.	0.49	0.77	1.11	1.09	1.41	1.79	2.05

\*Adjustments made for:

**Guidance: So far, no guidance for 2013 has been provided by the company.**
**Financial Ratios**

	2009	2010	2011	2012	2013e	2014e	2015e
Total Operating Costs / Sales	97.8 %	96.3 %	95.6 %	95.4 %	94.8 %	94.1 %	93.7 %
Operating Leverage	1.9 x	9.6 x	1.5 x	4.8 x	2.6 x	2.8 x	3.0 x
EBITDA / Interest expenses	7.1 x	9.7 x	11.2 x	13.1 x	32.2 x	50.2 x	56.1 x
Tax rate (EBT)	9.8 %	28.1 %	28.8 %	35.0 %	31.0 %	30.0 %	30.0 %
Dividend Payout Ratio	30.5 %	16.1 %	25.9 %	30.2 %	24.8 %	19.6 %	17.1 %
Sales per Employee	237,748	248,075	267,377	273,569	269,545	286,957	287,917

**Sales, EBITDA**  
in EUR m

**Operating Performance**  
in %

**Performance per Share**


Source: Warburg Research

Source: Warburg Research

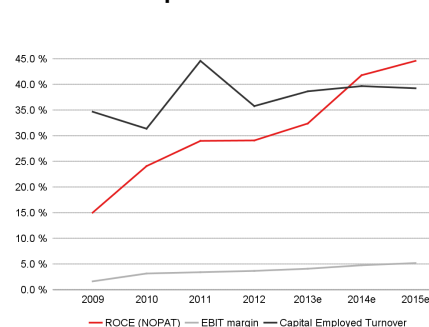
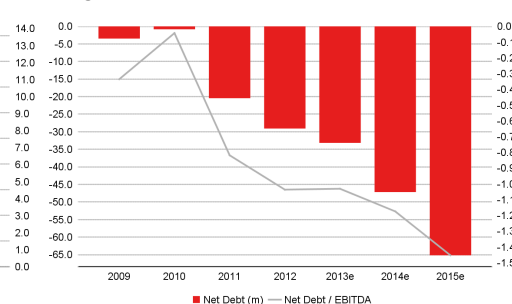
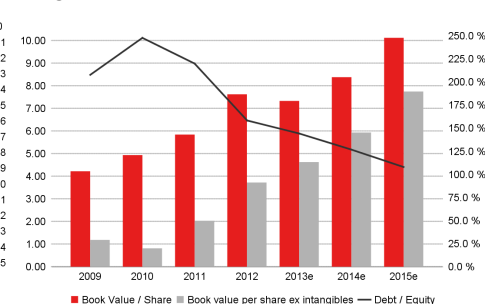
Source: Warburg Research

**Consolidated balance sheet**

In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
<b>Assets</b>							
Goodwill and other intangible assets	31.5	42.5	39.6	41.2	30.9	29.8	28.9
thereof other intangible assets	0.7	1.8	3.8	6.1	5.5	4.4	3.5
thereof Goodwill	24.8	23.7	23.7	24.3	24.3	24.3	24.3
Property, plant and equipment	6.5	9.7	12.9	17.6	19.6	21.9	24.6
Financial assets	1.0	3.3	1.4	1.8	1.8	1.8	1.8
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Fixed assets</b>	<b>39.1</b>	<b>55.5</b>	<b>53.8</b>	<b>60.6</b>	<b>52.3</b>	<b>53.5</b>	<b>55.3</b>
Inventories	13.6	14.1	15.6	9.4	11.9	13.2	13.8
Accounts receivable	47.2	68.0	72.2	88.3	89.4	99.5	104.1
Liquid assets	25.8	31.5	46.4	44.6	45.9	59.9	77.9
Other short-term assets	9.2	8.4	6.8	5.7	5.7	5.7	5.7
<b>Current assets</b>	<b>95.9</b>	<b>122.0</b>	<b>141.0</b>	<b>148.1</b>	<b>152.9</b>	<b>178.3</b>	<b>201.5</b>
<b>Total Assets</b>	<b>134.9</b>	<b>177.4</b>	<b>194.9</b>	<b>208.6</b>	<b>205.2</b>	<b>231.8</b>	<b>256.8</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	10.4	10.4	10.4	11.4	11.4	11.4	11.4
Capital reserve	15.4	15.9	15.9	26.1	26.1	26.1	26.1
Retained earnings	18.5	24.8	34.7	43.1	55.5	73.3	94.0
Other equity components	-0.4	-0.1	-0.3	0.0	-9.2	-8.7	-8.2
Shareholder's equity	43.9	50.9	60.7	80.6	83.8	102.1	123.3
Minority interest	0.0	0.1	0.2	0.2	0.2	0.2	0.2
<b>Total equity</b>	<b>43.9</b>	<b>51.0</b>	<b>60.9</b>	<b>80.8</b>	<b>84.0</b>	<b>102.3</b>	<b>123.5</b>
Provisions	4.4	3.3	7.7	5.2	5.1	5.1	5.1
thereof provisions for pensions and similar obligations	0.0	0.1	0.1	0.1	0.0	0.0	0.0
Financial liabilities (total)	22.3	30.6	25.9	15.4	12.7	12.7	12.7
thereof short-term financial liabilities	0.7	1.2	10.6	3.4	3.4	3.4	3.4
Accounts payable	47.9	64.4	72.9	76.9	73.1	81.4	85.2
Other liabilities	16.5	28.1	27.6	30.3	30.3	30.3	30.3
<b>Liabilities</b>	<b>91.0</b>	<b>126.4</b>	<b>134.0</b>	<b>127.9</b>	<b>121.2</b>	<b>129.5</b>	<b>133.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>134.9</b>	<b>177.4</b>	<b>194.9</b>	<b>208.6</b>	<b>205.2</b>	<b>231.8</b>	<b>256.8</b>

**Financial Ratios**

	2009	2010	2011	2012	2013e	2014e	2015e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	23.1 x	18.4 x	21.0 x	16.1 x	13.4 x	13.3 x	12.9 x
Capital Employed Turnover	10.5 x	9.5 x	13.5 x	10.8 x	11.7 x	12.0 x	11.8 x
ROA	13.0 %	14.1 %	21.4 %	18.9 %	30.8 %	40.8 %	45.1 %
<b>Return on Capital</b>							
ROCE (NOPAT)	15.1 %	24.1 %	29.0 %	29.1 %	32.4 %	41.8 %	44.6 %
ROE	12.2 %	16.5 %	20.6 %	16.2 %	19.6 %	23.4 %	22.1 %
Adj. ROE	12.2 %	16.7 %	20.6 %	16.2 %	19.6 %	23.4 %	22.1 %
<b>Balance sheet quality</b>							
Net Debt	-3.5	-0.8	-20.5	-29.1	-33.2	-47.2	-65.2
Net Financial Debt	-3.5	-0.9	-20.5	-29.2	-33.2	-47.2	-65.2
Net Gearing	-7.9 %	-1.6 %	-33.6 %	-36.0 %	-39.5 %	-46.1 %	-52.8 %
Net Fin. Debt / EBITDA	-33.8 %	-4.8 %	-82.2 %	-104.1 %	-103.2 %	-117.6 %	-145.4 %
Book Value / Share	4.2	4.9	5.8	7.6	7.3	8.4	10.1
Book value per share ex intangibles	1.2	0.8	2.0	3.7	4.6	5.9	7.7

**ROCE Development**

**Net debt in EUR m**

**Book Value per Share in EUR**


Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

**Consolidated cash flow statement**

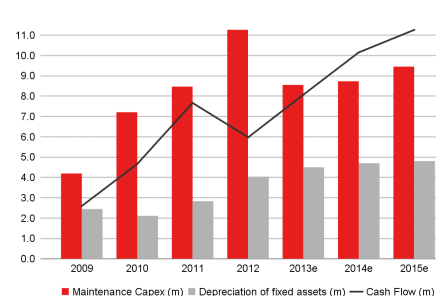
In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
Net income	5.6	7.9	11.7	11.6	16.1	21.8	25.0
Depreciation of fixed assets	2.4	2.1	2.8	4.0	4.5	4.7	4.8
Amortisation of goodwill	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.9	1.7	3.7	3.4	3.6	3.8	3.9
Increase/decrease in long-term provisions	-0.2	0.3	0.1	-0.1	-0.1	0.0	0.0
Other non-cash income and expenses	-0.9	2.0	4.6	-1.0	0.0	0.0	0.0
<b>Cash Flow</b>	<b>7.8</b>	<b>14.0</b>	<b>22.9</b>	<b>17.9</b>	<b>24.1</b>	<b>30.3</b>	<b>33.7</b>
Increase / decrease in inventory	-0.9	0.5	-6.3	6.3	-2.5	-1.3	-0.6
Increase / decrease in accounts receivable	0.8	-14.7	-5.2	-16.4	-1.1	-10.1	-4.6
Increase / decrease in accounts payable	2.7	17.2	15.3	8.4	-3.8	8.3	3.8
Increase / decrease in other working capital positions	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	2.9	2.9	3.8	-1.8	-7.4	-3.1	-1.4
<b>Net cash provided by operating activities</b>	<b>10.7</b>	<b>16.9</b>	<b>26.7</b>	<b>16.1</b>	<b>16.7</b>	<b>27.2</b>	<b>32.3</b>
Investments in intangible assets	-1.4	-3.0	-2.8	-1.1	-3.0	-2.7	-3.0
Investments in property, plant and equipment	-3.3	-5.0	-6.6	-11.4	-6.5	-7.0	-7.5
Payments for acquisitions	1.4	-9.7	-3.6	-0.6	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.7	0.5	5.1	2.5	0.5	0.5	0.5
<b>Net cash provided by investing activities</b>	<b>-2.6</b>	<b>-17.3</b>	<b>-7.9</b>	<b>-10.6</b>	<b>-9.0</b>	<b>-9.2</b>	<b>-10.0</b>
Change in financial liabilities	0.3	8.3	-4.3	-13.2	-2.7	0.0	0.0
Dividends paid	0.0	-1.5	-1.6	-3.3	-3.7	-4.0	-4.3
Purchase of own shares	-0.2	0.6	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	11.4	0.0	0.0	0.0
Other	-1.2	-1.5	0.1	-0.3	0.0	0.0	0.0
<b>Net cash provided by financing activities</b>	<b>-1.1</b>	<b>5.9</b>	<b>-5.8</b>	<b>-5.3</b>	<b>-6.4</b>	<b>-4.0</b>	<b>-4.3</b>
Change in liquid funds	6.9	5.5	13.0	0.2	1.3	14.0	18.0
Effects of exchange-rate changes on cash	0.0	0.1	0.0	0.0	0.0	0.0	0.0
<b>Cash and cash equivalent at end of period</b>	<b>25.8</b>	<b>31.5</b>	<b>44.5</b>	<b>44.6</b>	<b>45.9</b>	<b>59.9</b>	<b>77.9</b>

**Financial Ratios**

	2009	2010	2011	2012	2013e	2014e	2015e
<b>Cash Flow</b>							
Free Cash Flow	6.0	8.9	17.3	3.6	7.2	17.5	21.8
Free Cash Flow / Sales	1.4 %	1.9 %	3.2 %	0.6 %	1.2 %	2.7 %	3.1 %
Free Cash Flow Potential	5.6	6.4	11.3	9.5	16.4	22.1	24.7
Free Cash Flow / Sales	1.4 %	1.9 %	3.2 %	0.6 %	1.2 %	2.7 %	3.1 %
Free Cash Flow / Net Profit	118.4 %	113.4 %	150.3 %	31.4 %	44.6 %	80.3 %	87.2 %
Interest Received / Avg. Cash	0.7 %	0.5 %	0.8 %	0.8 %	0.7 %	0.6 %	0.4 %
Interest Paid / Avg. Debt	6.6 %	7.4 %	7.9 %	10.4 %	7.1 %	6.3 %	6.3 %
<b>Management of Funds</b>							
Investment ratio	1.1 %	1.7 %	1.7 %	2.2 %	1.6 %	1.5 %	1.5 %
Maint. Capex / Sales	1.0 %	1.5 %	1.6 %	2.0 %	1.4 %	1.3 %	1.4 %
Capex / Dep	136.9 %	208.3 %	143.6 %	169.0 %	117.3 %	114.1 %	120.7 %
Avg. Working Capital / Sales	3.1 %	2.9 %	2.7 %	2.7 %	3.5 %	4.0 %	4.1 %
Trade Debtors / Trade Creditors	98.6 %	105.6 %	99.0 %	114.8 %	122.3 %	122.2 %	122.2 %
Inventory Turnover	22.6 x	23.9 x	24.8 x	42.0 x	34.2 x	34.6 x	34.6 x
Receivables collection period (days)	41	52	48	58	55	55	55
Payables payment period (days)	57	70	69	71	66	65	65
Cash conversion cycle (Days)	-40	-54	-54	-64	-57	-56	-56

**CAPEX and Cash Flow**

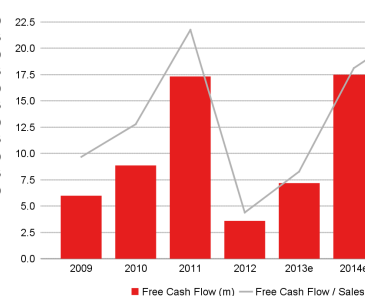
in EUR m



Source: Warburg Research

**Free Cash Flow Generation**

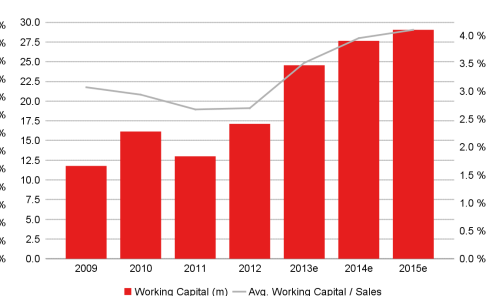
in EUR m



Source: Warburg Research

**Working Capital**

in EUR m



Source: Warburg Research



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- 2- ... or companies affiliated with this enterprise were involved in the management of a **consortium** for a public offering of securities which are or whose issuer is the subject of this report within the last twelve months
- 3- ... or companies affiliated with this enterprise **manages** the **securities** of the analysed company on the basis of an existing contract
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- 5- ... effected an **agreement** with the analysed company **for the preparation of the financial analysis**
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- 7- ... or the analyst responsible for this company has **other important financial interests** in relation to the analysed company such as e.g. the performance of mandates for the analysed company

Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
CANCOM	5	<a href="http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005419105.htm">http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005419105.htm</a>

**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-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	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	100	51
Hold	83	42
Sell	10	5
Rating suspended	4	2
<b>Total</b>	<b>197</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... Looking only at companies for which a disclosure according to § 34b of the Germany Securities Trading Act and the FinAnV has to be made.

Rating	Number of stocks	% of Universe
Buy	83	57
Hold	53	37
Sell	6	4
Rating suspended	3	2
<b>Total</b>	<b>145</b>	<b>100</b>

**PRICE AND RATING HISTORY CANCOM AS OF 11.10.2013**


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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