

**Buy** (old: Buy)

**Price target: EUR 43.50** (old: EUR 43.50)

<b>Price:</b>	EUR 33.49	<b>Next result:</b>	Q1 14: 13.05.14
<b>Bloomberg:</b>	COK GR	<b>Market cap:</b>	EUR 459.5 m
<b>Reuters:</b>	COKG.DE	<b>Enterprise Value:</b>	EUR 418.6 m

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## Strong Q1 performance

CANCOM released preliminary Q1 results for sales and EBITDA. **Q1 sales growth of 37% yoy to € 185m was ahead of our € 168m expectation.** Organic growth amounted to 13pp; acquired companies "online data systems" and "Pironet" had not been consolidated in Q1 '13. CANCOM's organic growth in Q1 was hence similar to Bechtle's (14% yoy): Just like its peer it has seen healthy and better-than-expected demand from SMEs for IT services and hardware in its German home market.

**Q1 EBITDA arrived at € 10.1m implying 45% yoy growth** burdened only by a € 0.5m one-off, which was unexpected and related to the take-over of latest targets (e.g. external consulting). Adjusted EBITDA arrived at € 10.6m ahead of our € 10.2m expectation. Still, the EBITDA margin was lower-than-expected as the outperformance of our top-line expectation should come mainly from IT hardware, which is low margin (eH&A: 2%). We expect **organic Q1 EBITDA growth of 13% yoy** in-line with organic sales growth: Growth investments into Cloud Computing should temporarily (i.e. in H1) prohibit disproportionate (organic) bottom-line growth. However, this is no reason to worry as **CANCOM is well-advised to secure market share now** given the high profitability of recurring Cloud Computing sales coupled with a strong customer lock-in effect.

CANCOM did not (yet) provide any insights on the cloud performance. **We expect Cloud Computing to explain slightly > 30% of Q1 EBITDA.** The company's cloud-related capacity remains fully utilised and visibility is high supported by a pipeline comprising more than 70 cloud projects. Hence, **the recently announced Cloud Computing co-operation with HP is very sensible:** Targeting its SME clientele, HP will sell and implement CANCOM's AHP solution paying the company an undisclosed license fee per month per IT seat. The advantage for CANCOM: (1) The co-operation is scalable as related costs for CANCOM should be minimal; (2) CANCOM can fall back on HP's distribution clout while its own capacity is fully utilised.

We have so far **not included any benefits** from this co-operation in our estimates; CANCOM targets € 10m related sales within three years. In our view, these sales should throw off EBITDA margins of 75-80% as CANCOM will only be responsible for some service and support. **CANCOM remains a BUY** with a € 43.50 PT (DCF). **cont.**

Y/E 31.12 (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Sales	474.6	544.4	558.1	613.8	734.7	782.2	829.1
Sales growth	36 %	15 %	3 %	10 %	20 %	6 %	6 %
EBITDA	19.0	25.0	28.1	33.4	52.9	62.4	74.3
EBIT	15.2	18.5	20.7	22.6	34.0	43.3	56.1
Net income	7.8	11.5	11.5	14.5	23.3	30.1	39.6
Net debt	-0.9	-18.5	-29.2	-62.5	-41.0	-63.4	-95.6
Net gearing	-1.8 %	-30.4 %	-36.3 %	-38.4 %	-26.7 %	-35.8 %	-45.7 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.92	1.14	1.06	0.99	1.59	2.06	2.71
CPS	1.28	2.18	0.89	0.87	2.12	2.38	3.15
DPS	0.15	0.30	0.35	0.40	0.45	0.50	0.66
Dividend yield	0.5 %	1.0 %	1.1 %	1.3 %	1.4 %	1.6 %	2.1 %
Gross profit margin	29.3 %	29.1 %	29.5 %	30.2 %	35.0 %	35.2 %	35.8 %
EBITDA margin	4.0 %	4.6 %	5.0 %	5.4 %	7.2 %	8.0 %	9.0 %
EBIT margin	3.2 %	3.4 %	3.7 %	3.7 %	4.6 %	5.5 %	6.8 %
ROCE	19.5 %	20.6 %	21.1 %	16.0 %	16.2 %	17.5 %	20.7 %
EV/sales	0.7	0.6	0.6	0.6	0.6	0.5	0.4
EV/EBITDA	16.9	12.2	11.7	11.9	7.9	6.4	4.9
EV/EBIT	21.2	16.5	15.9	17.5	12.3	9.2	6.5
PER	34.1	27.5	29.6	31.6	19.7	15.3	11.6
Adjusted FCF yield	3.6 %	5.1 %	4.7 %	5.5 %	7.6 %	9.8 %	13.0 %

Source: Company data, Hauck & Aufhäuser Close price as of: 05.05.2014



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 39.07 / 16.74  
**Price/Book Ratio:** 3.2  
**Relative performance (TecDAX):**  
 3 months -3.1 %  
 6 months 7.3 %  
 12 months 68.2 %

### Changes in estimates

		Sales	EBIT	EPS
2014	old:	734.7	34.0	1.58
	Δ	-	-	-
2015	old:	782.2	43.3	2.04
	Δ	-	-	-
2016	old:	829.1	56.1	2.70
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 14.6  
 Authorised capital: (in € m) 4.0  
 Book value per share: (in €) 10.5  
 Ø trading volume: (12 months) 60,000

### Major shareholders:

Free Float 82.9 %  
 AGI 13.3 %  
 Stefan Kober 2.3 %  
 Klaus Weinmann 1.6 %

### Company description:

CANCOM is Germany's 3rd largest independent system house operating a scalable eCommerce business.

## CANCOM SE

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<i>EUR</i>	Q1 14	Q1 14 est	Q1 13	yoy	Q4 13	qoq
<b>Sales</b>	<b>185.4</b>	<b>168.0</b>	<b>135.1</b>	37%	<b>196.7</b>	-6%
<b>EBITDA (adjusted)</b>	<b>10.6</b>	<b>10.2</b>	<b>7.0</b>	52%	<b>10.6</b>	0%
EBITDA margin	5.7%	6.1%	5.2%	+ 0.6 pp	5.4%	+ 0.3 pp
<b>EBITDA (reported)</b>	<b>10.1</b>	<b>10.2</b>	<b>7.0</b>	45%	<b>10.6</b>	-5%
EBITDA margin	5.4%	6.1%	5.2%	+ 0.3 pp	5.4%	+ 0.0 pp

Source: Company data, Hauck & Aufhäuser.

Financials

Profit and loss (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Net sales</b>	<b>474.6</b>	<b>544.4</b>	<b>558.1</b>	<b>613.8</b>	<b>734.7</b>	<b>782.2</b>	<b>829.1</b>
<i>Sales growth</i>	36.2 %	14.7 %	2.5 %	10.0 %	19.7 %	6.5 %	6.0 %
Increase/decrease in finished goods and work-in-process	1.3	0.9	2.5	0.4	1.0	1.0	1.1
<b>Total sales</b>	<b>475.8</b>	<b>545.3</b>	<b>560.6</b>	<b>614.2</b>	<b>735.7</b>	<b>783.2</b>	<b>830.2</b>
Other operating income	3.3	0.7	0.6	1.1	0.7	0.7	0.7
Material expenses	336.3	386.6	395.1	428.7	478.3	507.8	533.0
Personnel expenses	97.0	108.0	112.4	123.2	163.9	170.2	177.4
Other operating expenses	26.8	26.4	25.8	29.9	41.2	43.5	46.2
Total operating expenses	456.8	520.3	532.5	580.8	682.8	720.9	755.9
<b>EBITDA</b>	<b>19.0</b>	<b>25.0</b>	<b>28.1</b>	<b>33.4</b>	<b>52.9</b>	<b>62.4</b>	<b>74.3</b>
Depreciation	3.8	2.8	4.0	5.5	8.3	8.7	9.5
<b>EBITA</b>	<b>15.2</b>	<b>22.2</b>	<b>24.0</b>	<b>27.9</b>	<b>44.6</b>	<b>53.7</b>	<b>64.8</b>
Amortisation of goodwill	0.0	0.0	0.0	0.3	0.0	0.0	0.0
Amortisation of intangible assets	0.0	3.7	3.4	5.0	10.6	10.4	8.7
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>15.2</b>	<b>18.5</b>	<b>20.7</b>	<b>22.6</b>	<b>34.0</b>	<b>43.3</b>	<b>56.1</b>
Interest income	0.1	0.3	0.4	0.3	0.7	0.9	1.1
Interest expenses	1.9	2.2	2.1	1.4	1.4	1.0	0.9
Other financial result	0.0	0.4	0.0	-0.2	0.0	0.0	0.0
Financial result	-1.8	-1.6	-1.8	-1.2	-0.7	-0.1	0.2
<b>Recurring pretax income from continuing operations</b>	<b>13.3</b>	<b>16.9</b>	<b>18.9</b>	<b>21.4</b>	<b>33.4</b>	<b>43.1</b>	<b>56.3</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>13.3</b>	<b>16.9</b>	<b>18.9</b>	<b>21.4</b>	<b>33.4</b>	<b>43.1</b>	<b>56.3</b>
Taxes	3.7	4.9	6.6	6.9	9.1	11.7	15.3
<b>Net income from continuing operations</b>	<b>9.6</b>	<b>12.0</b>	<b>12.3</b>	<b>14.5</b>	<b>24.3</b>	<b>31.4</b>	<b>41.0</b>
Result from discontinued operations (net of tax)	1.7	0.3	0.7	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>7.9</b>	<b>11.7</b>	<b>11.6</b>	<b>14.5</b>	<b>24.3</b>	<b>31.4</b>	<b>41.0</b>
Minority interest	0.1	0.2	0.1	0.0	1.0	1.3	1.4
<b>Net income (net of minority interest)</b>	<b>7.8</b>	<b>11.5</b>	<b>11.5</b>	<b>14.5</b>	<b>23.3</b>	<b>30.1</b>	<b>39.6</b>
Average number of shares	10.3	10.4	10.6	11.8	14.6	14.6	14.6
<b>EPS reported</b>	<b>0.76</b>	<b>1.11</b>	<b>1.09</b>	<b>1.23</b>	<b>1.59</b>	<b>2.06</b>	<b>2.71</b>

Profit and loss (common size)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	0.3 %	0.2 %	0.5 %	0.1 %	0.1 %	0.1 %	0.1 %
<b>Total sales</b>	<b>100.3 %</b>	<b>100.2 %</b>	<b>100.5 %</b>	<b>100.1 %</b>	<b>100.1 %</b>	<b>100.1 %</b>	<b>100.1 %</b>
Other operating income	0.7 %	0.1 %	0.1 %	0.2 %	0.1 %	0.1 %	0.1 %
Material expenses	70.9 %	71.0 %	70.8 %	69.8 %	65.1 %	64.9 %	64.3 %
Personnel expenses	20.4 %	19.8 %	20.1 %	20.1 %	22.3 %	21.8 %	21.4 %
Other operating expenses	5.7 %	4.8 %	4.6 %	4.9 %	5.6 %	5.6 %	5.6 %
Total operating expenses	96.3 %	95.6 %	95.4 %	94.6 %	92.9 %	92.2 %	91.2 %
<b>EBITDA</b>	<b>4.0 %</b>	<b>4.6 %</b>	<b>5.0 %</b>	<b>5.4 %</b>	<b>7.2 %</b>	<b>8.0 %</b>	<b>9.0 %</b>
Depreciation	0.8 %	0.5 %	0.7 %	0.9 %	1.1 %	1.1 %	1.1 %
<b>EBITA</b>	<b>3.2 %</b>	<b>4.1 %</b>	<b>4.3 %</b>	<b>4.5 %</b>	<b>6.1 %</b>	<b>6.9 %</b>	<b>7.8 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.7 %	0.6 %	0.8 %	1.4 %	1.3 %	1.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>3.2 %</b>	<b>3.4 %</b>	<b>3.7 %</b>	<b>3.7 %</b>	<b>4.6 %</b>	<b>5.5 %</b>	<b>6.8 %</b>
Interest income	0.0 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.4 %	0.4 %	0.4 %	0.2 %	0.2 %	0.1 %	0.1 %
Other financial result	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-0.4 %	-0.3 %	-0.3 %	-0.2 %	-0.1 %	0.0 %	0.0 %
<b>Recurring pretax income from continuing operations</b>	<b>2.8 %</b>	<b>3.1 %</b>	<b>3.4 %</b>	<b>3.5 %</b>	<b>4.5 %</b>	<b>5.5 %</b>	<b>6.8 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>2.8 %</b>	<b>3.1 %</b>	<b>3.4 %</b>	<b>3.5 %</b>	<b>4.5 %</b>	<b>5.5 %</b>	<b>6.8 %</b>
Tax rate	28.1 %	28.8 %	35.0 %	32.4 %	27.2 %	27.2 %	27.2 %
<b>Net income from continuing operations</b>	<b>2.0 %</b>	<b>2.2 %</b>	<b>2.2 %</b>	<b>2.4 %</b>	<b>3.3 %</b>	<b>4.0 %</b>	<b>4.9 %</b>
Income from discontinued operations (net of tax)	0.4 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>1.7 %</b>	<b>2.1 %</b>	<b>2.1 %</b>	<b>2.4 %</b>	<b>3.3 %</b>	<b>4.0 %</b>	<b>4.9 %</b>
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.1 %	0.2 %	0.2 %
<b>Net income (net of minority interest)</b>	<b>1.6 %</b>	<b>2.1 %</b>	<b>2.1 %</b>	<b>2.4 %</b>	<b>3.2 %</b>	<b>3.8 %</b>	<b>4.8 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Intangible assets</b>	<b>42.5</b>	<b>39.6</b>	<b>41.2</b>	<b>55.3</b>	<b>102.1</b>	<b>97.6</b>	<b>94.8</b>
Property, plant and equipment	9.7	12.9	17.6	20.5	31.9	34.2	36.3
Financial assets	3.2	2.2	5.0	35.0	6.0	6.0	6.0
<b>FIXED ASSETS</b>	<b>55.4</b>	<b>54.6</b>	<b>63.8</b>	<b>110.8</b>	<b>140.0</b>	<b>137.8</b>	<b>137.1</b>
Inventories	13.4	15.0	8.7	15.5	14.1	15.6	16.6
Accounts receivable	68.0	72.2	88.3	112.9	110.7	120.0	127.2
Other current assets	6.4	7.2	0.9	1.1	1.1	1.1	1.1
Liquid assets	31.5	44.4	44.6	77.7	103.8	117.3	148.5
Deferred taxes	0.7	0.6	1.1	1.8	1.8	1.8	1.8
Deferred charges and prepaid expenses	2.0	0.9	1.1	1.7	1.7	1.7	1.7
<b>CURRENT ASSETS</b>	<b>122.0</b>	<b>140.2</b>	<b>144.8</b>	<b>210.7</b>	<b>233.2</b>	<b>257.5</b>	<b>296.8</b>
<b>TOTAL ASSETS</b>	<b>177.4</b>	<b>194.9</b>	<b>208.6</b>	<b>321.5</b>	<b>373.2</b>	<b>395.3</b>	<b>434.0</b>
SHAREHOLDERS EQUITY	50.9	60.7	80.6	162.8	153.5	177.0	209.3
MINORITY INTEREST	0.1	0.2	0.2	0.1	17.9	19.2	20.6
Long-term debt	29.0	16.7	14.1	14.4	62.0	53.2	52.2
Provisions for pensions and similar obligations	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other provisions	3.2	7.6	5.1	4.4	4.4	4.4	4.4
<b>Non-current liabilities</b>	<b>32.2</b>	<b>24.4</b>	<b>19.3</b>	<b>18.9</b>	<b>66.5</b>	<b>57.7</b>	<b>56.7</b>
short-term liabilities to banks	1.6	9.1	1.3	0.8	0.8	0.8	0.8
Accounts payable	64.4	72.9	76.9	99.0	94.6	100.7	106.8
Advance payments received on orders	1.5	1.9	3.6	6.6	6.6	6.6	6.6
Other liabilities (incl. from lease and rental contracts)	16.3	17.4	18.8	23.5	23.5	23.5	23.5
Deferred taxes	4.3	2.7	2.8	5.2	5.2	5.2	5.2
Deferred income	6.0	5.6	5.1	4.6	4.6	4.6	4.6
<b>Current liabilities</b>	<b>94.2</b>	<b>109.6</b>	<b>108.6</b>	<b>139.7</b>	<b>135.3</b>	<b>141.4</b>	<b>147.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>177.4</b>	<b>194.9</b>	<b>208.6</b>	<b>321.5</b>	<b>373.2</b>	<b>395.3</b>	<b>434.0</b>

Balance sheet (common size)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Intangible assets</b>	<b>24.0 %</b>	<b>20.3 %</b>	<b>19.8 %</b>	<b>17.2 %</b>	<b>27.4 %</b>	<b>24.7 %</b>	<b>21.9 %</b>
Property, plant and equipment	5.5 %	6.6 %	8.4 %	6.4 %	8.5 %	8.7 %	8.4 %
Financial assets	1.8 %	1.1 %	2.4 %	10.9 %	1.6 %	1.5 %	1.4 %
<b>FIXED ASSETS</b>	<b>31.2 %</b>	<b>28.0 %</b>	<b>30.6 %</b>	<b>34.5 %</b>	<b>37.5 %</b>	<b>34.9 %</b>	<b>31.6 %</b>
Inventories	7.5 %	7.7 %	4.2 %	4.8 %	3.8 %	4.0 %	3.8 %
Accounts receivable	38.3 %	37.1 %	42.3 %	35.1 %	29.7 %	30.4 %	29.3 %
Other current assets	3.6 %	3.7 %	0.4 %	0.3 %	0.3 %	0.3 %	0.2 %
Liquid assets	17.7 %	22.8 %	21.4 %	24.2 %	27.8 %	29.7 %	34.2 %
Deferred taxes	0.4 %	0.3 %	0.5 %	0.5 %	0.5 %	0.4 %	0.4 %
Deferred charges and prepaid expenses	1.1 %	0.4 %	0.5 %	0.5 %	0.5 %	0.4 %	0.4 %
<b>CURRENT ASSETS</b>	<b>68.8 %</b>	<b>72.0 %</b>	<b>69.4 %</b>	<b>65.5 %</b>	<b>62.5 %</b>	<b>65.1 %</b>	<b>68.4 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	28.7 %	31.2 %	38.6 %	50.6 %	41.1 %	44.8 %	48.2 %
MINORITY INTEREST	0.0 %	0.1 %	0.1 %	0.0 %	4.8 %	4.9 %	4.7 %
Long-term debt	16.3 %	8.6 %	6.8 %	4.5 %	16.6 %	13.5 %	12.0 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	1.8 %	3.9 %	2.4 %	1.4 %	1.2 %	1.1 %	1.0 %
<b>Non-current liabilities</b>	<b>18.2 %</b>	<b>12.5 %</b>	<b>9.3 %</b>	<b>5.9 %</b>	<b>17.8 %</b>	<b>14.6 %</b>	<b>13.1 %</b>
short-term liabilities to banks	0.9 %	4.7 %	0.6 %	0.2 %	0.2 %	0.2 %	0.2 %
Accounts payable	36.3 %	37.4 %	36.9 %	30.8 %	25.4 %	25.5 %	24.6 %
Advance payments received on orders	0.9 %	1.0 %	1.7 %	2.0 %	1.8 %	1.7 %	1.5 %
Other liabilities (incl. from lease and rental contracts)	9.2 %	9.0 %	9.0 %	7.3 %	6.3 %	5.9 %	5.4 %
Deferred taxes	2.4 %	1.4 %	1.4 %	1.6 %	1.4 %	1.3 %	1.2 %
Deferred income	3.4 %	2.9 %	2.4 %	1.4 %	1.2 %	1.2 %	1.1 %
<b>Current liabilities</b>	<b>53.1 %</b>	<b>56.2 %</b>	<b>52.0 %</b>	<b>43.4 %</b>	<b>36.3 %</b>	<b>35.8 %</b>	<b>34.0 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Net profit/loss	7.9	11.7	11.6	14.5	24.3	31.4	41.0
Depreciation of fixed assets (incl. leases)	3.8	2.8	4.0	5.5	8.3	8.7	9.5
Amortisation of goodwill	0.0	0.0	0.0	0.3	0.0	0.0	0.0
Amortisation of intangible assets	0.0	3.7	3.4	5.0	10.6	10.4	8.7
Others	3.0	4.7	2.9	3.3	0.0	0.0	0.0
Cash flow from operations before changes in w/c	14.7	22.9	21.9	28.5	43.2	50.5	59.2
Increase/decrease in inventory	0.3	-6.3	6.2	-6.7	1.4	-1.5	-0.9
Increase/decrease in accounts receivable	-15.2	-5.2	-16.1	-24.7	2.2	-9.3	-7.2
Increase/decrease in accounts payable	17.1	15.3	4.0	22.1	-4.4	6.1	6.0
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	2.2	3.8	-5.8	-9.3	-0.8	-4.7	-2.1
<b>Cash flow from operating activities</b>	<b>16.9</b>	<b>26.7</b>	<b>16.1</b>	<b>19.2</b>	<b>42.4</b>	<b>45.8</b>	<b>57.1</b>
CAPEX	8.1	9.4	12.5	8.1	24.1	15.2	15.9
Payments for acquisitions	10.5	3.6	0.1	1.4	30.0	1.7	1.7
Financial investments	-0.1	-0.3	0.0	26.0	0.0	0.0	0.0
Income from asset disposals	1.1	4.8	2.0	0.5	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-17.3</b>	<b>-7.9</b>	<b>-10.6</b>	<b>-35.2</b>	<b>-54.1</b>	<b>-16.9</b>	<b>-17.6</b>
Cash flow before financing	-0.4	18.8	5.5	-16.0	-11.7	29.0	39.5
Increase/decrease in debt position	8.1	-2.6	-11.9	-1.1	45.0	-8.8	-1.0
Purchase of own shares	-0.6	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	11.2	54.6	0.0	0.0	0.0
Dividends paid	1.5	1.6	3.3	4.0	5.8	6.6	7.3
Others	-1.3	-1.6	-1.4	-0.3	-1.4	0.0	0.0
Effects of exchange rate changes on cash	0.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>5.9</b>	<b>-5.8</b>	<b>-5.3</b>	<b>49.1</b>	<b>37.8</b>	<b>-15.4</b>	<b>-8.3</b>
Increase/decrease in liquid assets	5.6	13.0	0.2	33.1	26.1	13.5	31.2
<b>Liquid assets at end of period</b>	<b>31.5</b>	<b>44.5</b>	<b>44.6</b>	<b>77.7</b>	<b>103.8</b>	<b>117.3</b>	<b>148.5</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Domestic	441.7	502.0	529.1	583.1	698.7	744.7	0.0
yoy change	14.4 %	13.7 %	5.4 %	10.2 %	19.8 %	6.6 %	n/a
Rest of Europe	32.9	42.4	29.0	30.7	36.0	37.5	0.0
yoy change	-9.6 %	28.9 %	-31.7 %	6.0 %	17.3 %	4.3 %	n/a
NAFTA	n/a	n/a	n/a	n/a	n/a	n/a	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia Pacific	n/a	n/a	n/a	n/a	n/a	n/a	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	n/a	n/a	n/a	n/a	n/a	n/a	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>TTL</b>	<b>474.6</b>	<b>544.4</b>	<b>558.1</b>	<b>613.8</b>	<b>734.7</b>	<b>782.2</b>	<b>0.0</b>
yoy change	12.3 %	14.7 %	2.5 %	10.0 %	19.7 %	6.5 %	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>P&amp;L growth analysis</b>							
Sales growth	36.2 %	14.7 %	2.5 %	10.0 %	19.7 %	6.5 %	6.0 %
EBITDA growth	100.7 %	31.6 %	12.2 %	18.9 %	58.6 %	17.8 %	19.2 %
EBIT growth	114.0 %	21.7 %	12.0 %	9.6 %	50.3 %	27.0 %	29.7 %
EPS growth	55.5 %	46.4 %	-2.1 %	13.7 %	29.0 %	29.3 %	31.5 %
<b>Efficiency</b>							
Total operating costs / sales	96.3 %	95.6 %	95.4 %	94.6 %	92.9 %	92.2 %	91.2 %
Sales per employee	257.7	273.1	270.9	289.1	330.9	337.9	702.6
EBITDA per employee	10.3	12.5	13.6	15.7	23.9	26.9	63.0
<b>Balance sheet analysis</b>							
Avg. working capital / sales	2.8 %	2.6 %	2.6 %	3.2 %	3.2 %	3.3 %	3.5 %
Inventory turnover (sales/inventory)	35.5	36.3	63.8	39.6	52.0	50.0	50.0
Trade debtors in days of sales	52.3	48.4	57.7	67.2	55.0	56.0	56.0
A/P turnover [(A/P*365)/sales]	49.6	48.9	50.3	58.9	47.0	47.0	47.0
Cash conversion cycle (days)	-3.1	-6.3	-5.3	-3.9	-6.4	-5.2	-5.8
<b>Cash flow analysis</b>							
Free cash flow	8.8	17.3	3.6	11.1	18.3	30.6	41.1
Free cash flow/sales	1.9 %	3.2 %	0.6 %	1.8 %	2.5 %	3.9 %	5.0 %
FCF / net profit	113.1 %	150.3 %	31.4 %	76.2 %	78.6 %	101.6 %	103.9 %
Capex / depre	206.6 %	139.0 %	169.0 %	318.6 %	127.5 %	79.6 %	87.5 %
Capex / maintenance capex	133.1 %	151.6 %	n/a	112.8 %	172.8 %	100.0 %	105.5 %
Capex / sales	1.7 %	1.7 %	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	-0.9	-18.5	-29.2	-62.5	-41.0	-63.4	-95.6
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	0.0	-0.3	-0.4	-0.4	-0.3	-0.4	-0.5
Interest cover	8.0	8.3	9.7	16.5	24.3	43.3	62.3
Dividend payout ratio	19.7 %	26.7 %	34.7 %	40.2 %	28.2 %	24.3 %	24.3 %
<b>Asset utilisation</b>							
Capital employed turnover	5.6	5.8	5.5	3.4	3.1	3.1	2.9
Operating assets turnover	18.9	21.5	16.4	14.2	13.2	12.5	12.4
Plant turnover	49.0	42.2	31.8	30.0	23.0	22.9	22.8
Inventory turnover (sales/inventory)	35.5	36.3	63.8	39.6	52.0	50.0	50.0
<b>Returns</b>							
ROCE	19.5 %	20.6 %	21.1 %	16.0 %	16.2 %	17.5 %	20.7 %
ROE	15.4 %	19.0 %	14.2 %	8.9 %	15.2 %	17.0 %	18.9 %
<b>Other</b>							
Interest paid / avg. debt	7.2 %	7.9 %	10.3 %	9.0 %	3.6 %	1.7 %	1.7 %
No. employees (average)	1842	1994	2060	2123	2220	2315	1180
Number of shares	10.3	10.4	10.6	11.8	14.6	14.6	14.6
DPS	0.2	0.3	0.4	0.4	0.5	0.5	0.7
EPS reported	0.76	1.11	1.09	1.23	1.59	2.06	2.71
<b>Valuation ratios</b>							
P/BV	6.4	5.4	4.5	2.8	3.0	2.6	2.2
EV/sales	0.7	0.6	0.6	0.6	0.6	0.5	0.4
EV/EBITDA	16.9	12.2	11.7	11.9	7.9	6.4	4.9
EV/EBITA	21.2	13.7	13.7	14.2	9.4	7.4	5.6
EV/EBIT	21.2	16.5	15.9	17.5	12.3	9.2	6.5
EV/FCF	36.4	17.6	91.1	35.9	22.9	12.9	8.8
Adjusted FCF yield	3.6 %	5.1 %	4.7 %	5.5 %	7.6 %	9.8 %	13.0 %
Dividend yield	0.5 %	1.0 %	1.1 %	1.3 %	1.4 %	1.6 %	2.1 %

Source: Company data, Hauck & Aufhäuser

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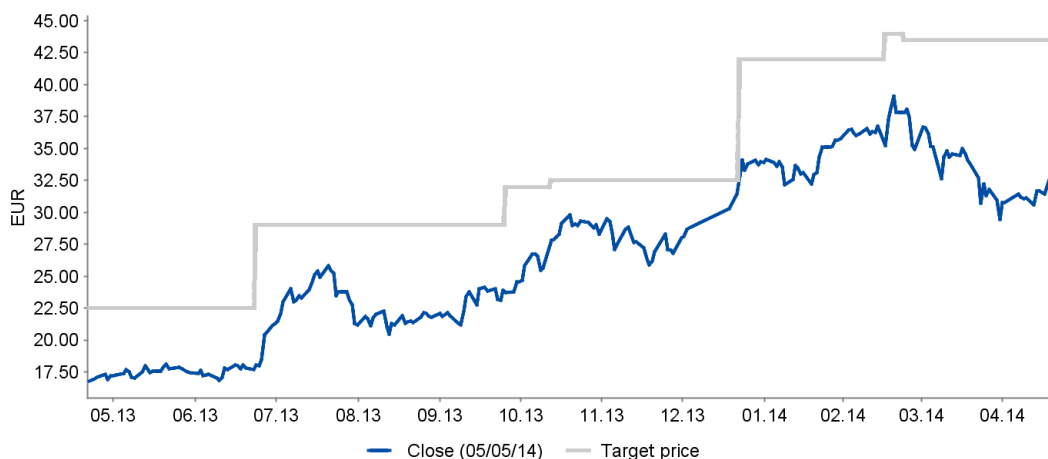
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Company	Disclosure
CANCOM SE	2, 3, 5, 7

**Historical target price and rating changes for CANCOM SE in the last 12 months**

**Price and Rating History  
CANCOM SE as of 06/05/14**

**Initiation coverage**  
06-July-10



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