

Buy EUR 42.00 (EUR 39.00) Price EUR 37.48 Upside 12.1 %	Value Indicators: EUR DCF: 42.00 FCF-Value Potential 15e: 37.00	Share data: Bloomberg: COK GR Reuters: COKG ISIN: DE0005419105	Description: One of the three largest independent system houses in Germany
	Market Snapshot: EUR m Market cap: 547.8 No. of shares (m): 14.6 EV: 491.1 Freefloat MC: 525.9 Ø Trad. Vol. (30d; EUR): 3.70 m	Shareholders: Freefloat 96.0 % Klaus Weinmann (CEO) 2.0 % S. Kober (Superv. Board) 2.0 %	Risk Profile (WRe): 2013e Beta: 1.2 Price / Book: 3.9 x Equity Ratio: 52 % Net Fin. Debt / EBITDA: -2.7 x Net Debt / EBITDA: -2.7 x

Opportunities in the U.S. / Impressions from the CeBIT

During a call that was held at the beginning of this week, CEO Weinmann provided further details regarding the acquisition of HPM Networks, a Californian value-added reseller (VAR), in the cloud infrastructure environment. The reason for the regional expansion was also based on the fact that the big clouds are mainly being established in the U.S. (and are then moving to Europe). As HPM's customers include Twitter and Workday, the acquired target has renowned reference customers which will help them to win further big deals. HPM's business model will be moved from an agent model to a reseller model. This will help to increase its gross profit margin and boost revenues. In 2014, HPM will strengthen its cloud expertise (i.e. employ further staff, therefore the EBITDA estimate is maintained unchanged), implement CANCOM's AHP (see below) at its headquarters and is supposed to win at least one AHP customer. Estimates are being adjusted.

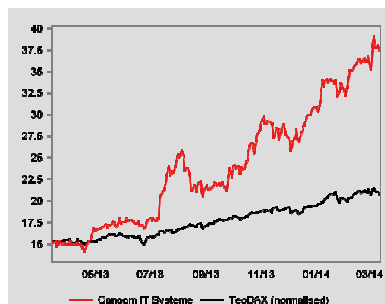
At the CeBIT fair we have also seen interest by a number of visitors that approached the CANCOM's AHP booth. Along with its own booth, the company also presented together with IBM as well as HP. This underpins the statement that big cloud providers should not be seen as competitors as they mainly address big enterprises with at least 5,000 or even 20,000 seats. CANCOM mainly targets mid-sized companies with approx. 500-5,000 seats. Our deeper understanding of the product suggests that e.g. Citrix or VmWare should also be able to provide a single log-on solution in a fully virtualised IT cloud environment which includes a customer's legacy software (AHP is based on this standard software). However, CANCOM's AHP Private Cloud solution consolidates the "cockpit view" for the IT departments by adding an additional layer. As a result, they will only have to deal with one instance instead of six (e.g. Citrix, NetApp, VMware etc.). On top, many applications are already preconfigured and CANCOM also offers a billing and provisioning engine. This helps to lower implementation and maintenance costs when moving to a private/hybrid cloud environment by approx. 20% compared to a dynamic infrastructure (virtualised and standardised servers and desktops). Given these cost advantages as well as the fact that AHP has been developed over more than a decade, investors have been asking why AHP accounts for only 15% of CANCOM's 2013 EBITDA. From our perspective this is due to a lack of focus in the past and a lack of critical mass. Both looks set to change as management increased efforts and the recent acquisitions (HPM and Pironet) which will boost "cloud"-related EBITDA to >EUR 17m in 2014. On top, customer behaviour is changing. **We are maintaining the Buy rating and increase the PT from EUR 39 to EUR 42 as from our perspective the HPM acquisition is value enhancing.**

Changes in Estimates:

FY End: 31.12. in EUR m	2013e (old)	+ / -	2014e (old)	+ / -	2015e (old)	+ / -
Sales	593.0	3.4 %	720.7	5.6 %	745.0	6.7 %
EBITDA	33.3	0.0 %	51.5	0.1 %	57.5	9.1 %
EBIT	24.4	0.0 %	33.5	-2.8 %	40.5	13.6 %
EPS	1.39	0.0 %	1.53	-3.3 %	1.87	13.9 %

Comment on Changes:

- In 2013, HPM Networks generated revenues of USD 55m (approx. EUR 40m). The EBITDA, adjusted for one-off effects, was USD 4.5m in 2013 (approx. EUR 3.3m). PPA amortisations will negatively impact the bottom line
- PPA amortisations (Pironet, HPM are expected to make a stronger than expected impact on the bottom line)
- The purchase consists of a one-off payment equal to twice the adjusted EBITDA for 2013, in addition to an earn-out component for four years.



Rel. Performance vs TecDAX:

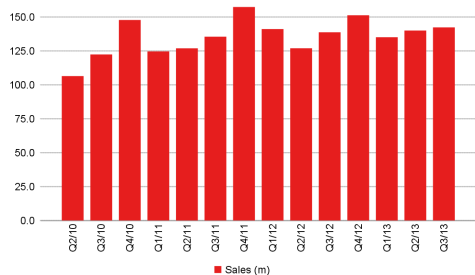
1 month:	5.7 %
6 months:	54.6 %
Year to date:	14.7 %
Trailing 12 months:	113.9 %

Company events:

20.03.14	FY 2013
13.05.14	Q1
25.06.14	AGM
07.08.14	Q2

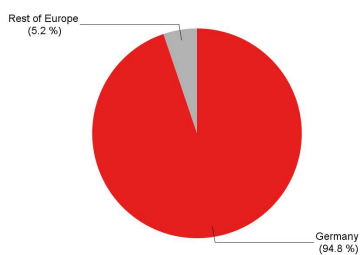
FY End: 31.12. in EUR m	CAGR (12-15e)	2009	2010	2011	2012	2013e	2014e	2015e
Sales	12.5 %	422.5	474.6	544.4	558.1	613.4	760.7	795.0
Change Sales yoy		16.0 %	12.3 %	14.7 %	2.5 %	9.9 %	24.0 %	4.5 %
Gross profit margin		27.6 %	29.4 %	29.1 %	29.7 %	31.0 %	31.7 %	32.6 %
EBITDA	30.7 %	10.4	19.0	25.0	28.1	33.3	51.5	62.7
Margin		2.5 %	4.0 %	4.6 %	5.0 %	5.4 %	6.8 %	7.9 %
EBIT adj.	35.1 %	7.0	15.2	18.5	20.7	24.4	40.0	51.0
EBIT	30.6 %	7.0	15.2	18.5	20.7	24.4	32.5	46.0
Margin		1.6 %	3.2 %	3.4 %	3.7 %	4.0 %	4.3 %	5.8 %
Net income	39.5 %	5.1	7.8	11.5	11.5	16.4	21.7	31.1
EPS	25.0 %	0.49	0.76	1.11	1.09	1.39	1.48	2.13
DPS	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 %	0.9 %	0.9 %	0.9 %
FCFPS		0.58	0.86	1.67	0.34	0.83	3.08	2.69
EV / Sales		0.0 x	0.1 x	0.1 x	0.2 x	0.7 x	0.6 x	0.6 x
EV / EBITDA		2.0 x	3.7 x	2.9 x	3.5 x	13.7 x	9.5 x	7.3 x
EV / EBIT		3.0 x	4.6 x	3.9 x	4.7 x	18.7 x	15.1 x	10.0 x
EV / EBIT adj.		3.0 x	4.6 x	3.9 x	4.7 x	18.7 x	12.3 x	9.0 x
P / E		4.8 x	9.0 x	8.0 x	11.0 x	27.0 x	25.3 x	17.6 x
FCF Yield Potential		27.0 %	9.1 %	15.7 %	9.8 %	3.8 %	6.7 %	8.6 %
Net Debt		-3.5	-0.8	-20.5	-29.1	-90.3	-74.7	-106.5
ROE		12.2 %	16.5 %	20.6 %	16.2 %	14.9 %	15.1 %	19.4 %
ROCE (NOPAT)		15.1 %	24.1 %	29.0 %	29.1 %	33.6 %	32.3 %	36.9 %
Guidance:		Revenue: EUR 590m; EBITDA EUR 33m						

Sales development
in EUR m



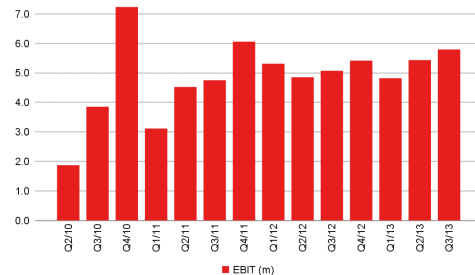
Source: Warburg Research

Sales by regions
2012; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

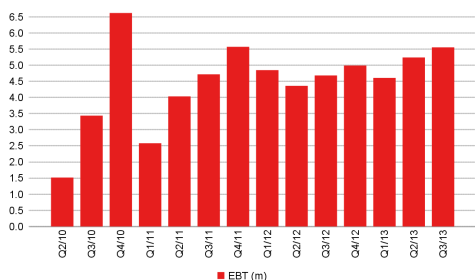
Company Background

- 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

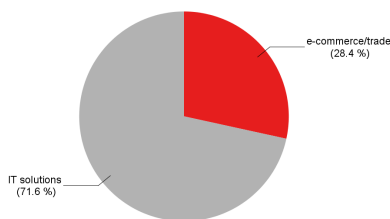
- The German system house market is intensely competitive and strongly fragmented. As one of the largest system houses in Germany, Cancom achieves competitive advantages over most of its smaller competitors with...
- ...favourable purchasing conditions
- ...the wide range of products and services offered 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



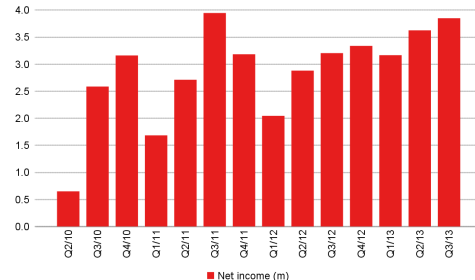
Source: Warburg Research

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	613.4	760.7	795.0	821.2	847.0	872.2	896.9	921.0	944.5	967.4	989.7	1,011.4	1,031.6	
Sales change	9.9 %	24.0 %	4.5 %	3.3 %	3.1 %	3.0 %	2.8 %	2.7 %	2.6 %	2.4 %	2.3 %	2.2 %	2.0 %	2.0 %
EBIT	24.4	32.5	46.0	48.9	51.7	53.2	54.7	56.2	57.6	59.0	60.4	61.7	62.9	
EBIT-margin	4.0 %	4.3 %	5.8 %	6.0 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	
Tax rate (EBT)	31.0 %	30.5 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	
NOPAT	16.9	22.6	32.2	34.2	36.2	37.2	38.3	39.3	40.3	41.3	42.3	43.2	44.0	
Depreciation	8.9	19.0	16.7	12.3	12.7	13.1	13.5	13.8	14.2	14.5	14.8	15.2	15.5	
in % of Sales	1.5 %	2.5 %	2.1 %	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	5.9	-7.5	-1.3	3.8	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	
- Capex	9.5	9.7	10.5	13.6	14.0	14.4	14.8	15.2	15.6	16.0	16.3	16.7	17.0	
Capex in % of Sales	1.5 %	1.3 %	1.3 %	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)	10.2	39.4	39.7	29.1	34.3	35.4	36.4	37.4	38.4	39.4	40.3	41.2	42.1	43
PV of FCF	10.2	36.3	33.6	22.7	24.6	23.3	22.0	20.8	19.7	18.5	17.5	16.4	15.4	234
share of PVs	15.55 %			39.01 %										45.45 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	8.00 %	Financial Strength	1.20
Cost of debt (after tax)	2.5 %	Liquidity (share)	1.20
Market return	8.00 %	Cyclicality	1.20
Risk free rate	2.50 %	Transparency	1.30
		Others	1.25
WACC	8.72 %	Beta	1.23

Valuation (m)

Present values 2025e	281		
Terminal Value	234		
Financial liabilities	15		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	18		
Market val. of investments	0		
Liquidity	132	No. of shares (m)	14.6
Equity Value	614	Value per share (EUR)	41.98

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
1.43	9.7 %	36.42	36.77	37.14	37.53	37.95	38.39	38.87	1.43	9.7 %	29.52	32.19	34.86	37.53	40.20	42.87	45.54
1.33	9.2 %	38.27	38.69	39.13	39.60	40.11	40.65	41.23	1.33	9.2 %	31.06	33.91	36.75	39.60	42.45	45.29	48.14
1.28	9.0 %	39.29	39.74	40.23	40.75	41.31	41.91	42.56	1.28	9.0 %	31.91	34.86	37.80	40.75	43.69	46.64	49.58
1.23	8.7 %	40.37	40.87	41.40	41.98	42.60	43.27	43.99	1.23	8.7 %	32.83	35.88	38.93	41.98	45.03	48.08	51.13
1.18	8.5 %	41.53	42.08	42.67	43.31	43.99	44.74	45.55	1.18	8.5 %	33.81	36.98	40.14	43.31	46.47	49.64	52.80
1.13	8.2 %	42.77	43.38	44.03	44.74	45.51	46.34	47.25	1.13	8.2 %	34.88	38.17	41.45	44.74	48.03	51.32	54.60
1.03	7.7 %	45.55	46.30	47.11	47.99	48.95	50.00	51.16	1.03	7.7 %	37.29	40.86	44.42	47.99	51.55	55.12	58.69

- 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.
- Minorities are related to the 25% free float share in Pironet.

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	16.4	22.3	31.8	
+ Depreciation + Amortisation	3.4	3.8	6.6	7.4	8.9	19.0	16.7	
- 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	
= Free Cash Flow Potential	5.6	6.4	11.3	9.5	17.4	33.0	39.6	
Free Cash Flow Yield Potential	27.0 %	9.1 %	15.7 %	9.8 %	3.8 %	6.7 %	8.6 %	
WACC	8.72 %	8.72 %	8.72 %	8.72 %	8.72 %	8.72 %	8.72 %	
= Enterprise Value (EV)	20.8	69.8	72.2	97.3	457.5	491.1	459.4	
= Fair Enterprise Value	64.3	72.9	129.9	109.0	199.9	378.9	454.0	
- Net Debt (Cash)	-29.2	-29.2	-29.2	-29.2	-90.4	-74.8	-106.5	
- 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	18.1	18.1	
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	93.4	102.0	159.0	138.1	290.3	435.6	542.5	
No. of shares (total) (m)	14.6	14.6	14.6	14.6	14.6	14.6	14.6	
= Fair value per share (EUR)	6.39	6.98	10.88	9.45	19.86	29.81	37.11	
premium (-) / discount (+) in %					-47.0 %	-20.5 %	-1.0 %	
Sensitivity Fair value per Share (EUR)								
	11.72 %	5.26	5.70	8.60	7.54	16.36	23.17	29.16
	10.72 %	5.57	6.05	9.22	8.06	17.31	24.97	31.32
	9.72 %	5.94	6.47	9.97	8.68	18.45	27.14	33.92
WACC	8.72 %	6.39	6.98	10.88	9.45	19.86	29.81	37.11
	7.72 %	6.96	7.62	12.03	10.42	21.63	33.16	41.14
	6.72 %	7.70	8.46	13.53	11.67	23.93	37.52	46.36
	5.72 %	8.70	9.59	15.54	13.36	27.04	43.40	53.41

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

Valuation							
	2009	2010	2011	2012	2013e	2014e	2015e
Price / Book	0.6 x	1.4 x	1.5 x	1.6 x	3.9 x	3.3 x	2.9 x
Book value per share ex intangibles	1.19	0.81	2.03	3.72	9.19	4.36	6.33
EV / Sales	0.0 x	0.1 x	0.1 x	0.2 x	0.7 x	0.6 x	0.6 x
EV / EBITDA	2.0 x	3.7 x	2.9 x	3.5 x	13.7 x	9.5 x	7.3 x
EV / EBIT	3.0 x	4.6 x	3.9 x	4.7 x	18.7 x	15.1 x	10.0 x
EV / EBIT adj.*	3.0 x	4.6 x	3.9 x	4.7 x	18.7 x	12.3 x	9.0 x
P / FCF	4.0 x	8.0 x	5.3 x	35.1 x	46.8 x	12.2 x	13.9 x
P / E	4.8 x	9.0 x	8.0 x	11.0 x	27.0 x	25.3 x	17.6 x
P / E adj.*	4.8 x	8.9 x	8.0 x	11.0 x	27.0 x	25.3 x	17.6 x
Dividend Yield	6.4 %	2.2 %	3.4 %	2.9 %	0.9 %	0.9 %	0.9 %
Free Cash Flow Yield Potential	27.0 %	9.1 %	15.7 %	9.8 %	3.8 %	6.7 %	8.6 %

*Adjustments made for: -

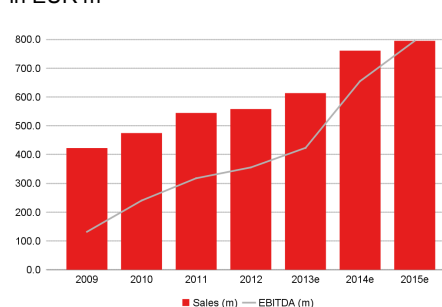
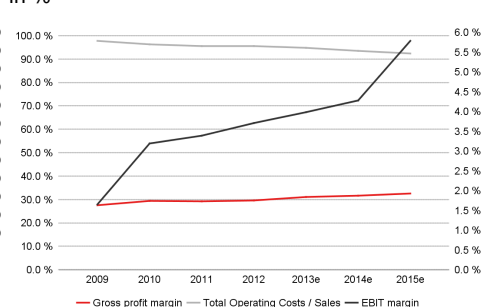
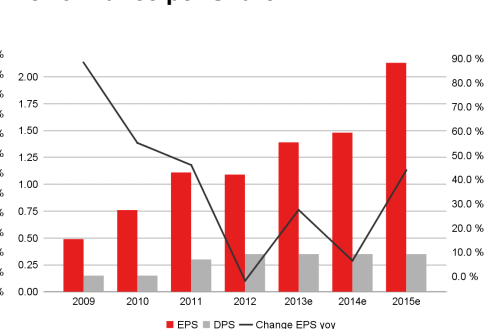
Consolidated profit & loss

In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
Sales	422.5	474.6	544.4	558.1	613.4	760.7	795.0
Change Sales yoy	16.0 %	12.3 %	14.7 %	2.5 %	9.9 %	24.0 %	4.5 %
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
Total Sales	423.4	475.8	545.3	560.6	614.9	761.9	796.2
Material Expenses	306.8	336.3	386.6	395.1	424.7	521.1	536.9
Gross profit	116.6	139.5	158.7	165.5	190.2	240.8	259.3
Gross profit margin	27.6 %	29.4 %	29.1 %	29.7 %	31.0 %	31.7 %	32.6 %
Personnel expenses	82.8	97.0	108.0	112.4	130.0	152.0	160.0
Other operating income	2.7	3.4	0.7	0.6	3.1	3.8	4.0
Other operating expenses	26.1	26.9	26.4	25.8	29.9	41.1	40.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	10.4	19.0	25.0	28.1	33.3	51.5	62.7
Margin	2.5 %	4.0 %	4.6 %	5.0 %	5.4 %	6.8 %	7.9 %
Depreciation of fixed assets	2.4	2.1	2.8	4.0	4.5	8.0	8.0
EBITA	7.9	16.9	22.2	24.0	28.8	43.5	54.7
Amortisation of intangible assets	0.9	1.7	3.7	3.4	4.4	11.0	8.7
Goodwill amortization	0.1	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	7.0	15.2	18.5	20.7	24.4	32.5	46.0
Margin	1.6 %	3.2 %	3.4 %	3.7 %	4.0 %	4.3 %	5.8 %
EBIT adj.	7.0	15.2	18.5	20.7	24.4	40.0	51.0
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
EBT	5.7	13.3	16.9	18.9	23.7	32.0	45.5
Margin	1.3 %	2.8 %	3.1 %	3.4 %	3.9 %	4.2 %	5.7 %
Total taxes	0.6	3.7	4.9	6.6	7.4	9.8	13.6
Net income from continuing operations	5.1	9.6	12.0	12.3	16.4	22.3	31.8
Income from discontinued operations (net of tax)	0.0	-1.7	-0.3	-0.7	0.0	0.0	0.0
Net income before minorities	5.1	7.9	11.7	11.6	16.4	22.3	31.8
Minority interest	0.0	0.1	0.2	0.1	0.0	0.6	0.7
Net income	5.1	7.8	11.5	11.5	16.4	21.7	31.1
Margin	1.2 %	1.6 %	2.1 %	2.1 %	2.7 %	2.8 %	3.9 %
Number of shares, average	10.4	10.3	10.4	10.6	11.8	14.6	14.6
EPS	0.49	0.76	1.11	1.09	1.39	1.48	2.13
EPS adj.	0.49	0.77	1.11	1.09	1.39	1.48	2.13

*Adjustments made for:

Guidance: Revenue: EUR 590m; EBITDA EUR 33m
Financial Ratios

	2009	2010	2011	2012	2013e	2014e	2015e
Total Operating Costs / Sales	97.8 %	96.3 %	95.6 %	95.4 %	94.8 %	93.4 %	92.3 %
Operating Leverage	1.9 x	9.6 x	1.5 x	4.8 x	1.8 x	1.4 x	9.2 x
EBITDA / Interest expenses	7.1 x	9.7 x	11.2 x	13.1 x	33.3 x	64.4 x	78.4 x
Tax rate (EBT)	9.8 %	28.1 %	28.8 %	35.0 %	31.0 %	30.5 %	30.0 %
Dividend Payout Ratio	30.5 %	16.1 %	25.9 %	30.2 %	25.2 %	23.0 %	16.1 %
Sales per Employee	237,748	248,075	267,377	273,569	278,818	304,280	311,765

Sales, EBITDA
in EUR m

Operating Performance
in %

Performance per Share


Source: Warburg Research

Source: Warburg Research

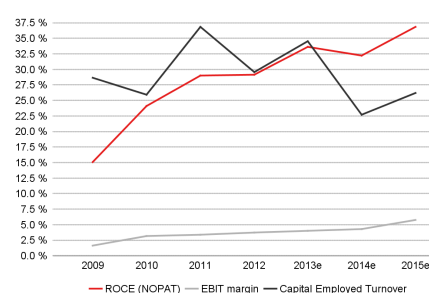
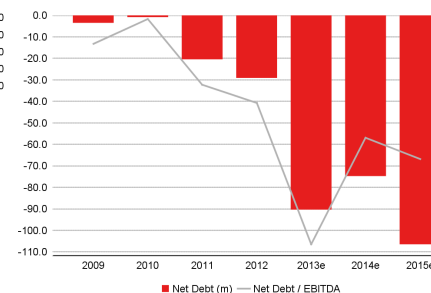
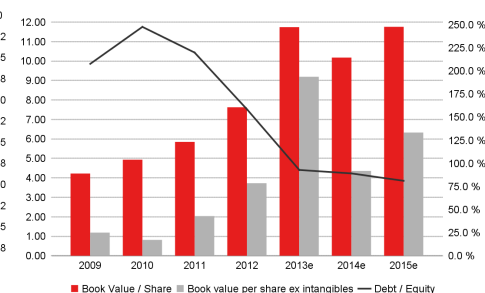
Source: Warburg Research

Consolidated balance sheet

In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
Assets							
Goodwill and other intangible assets	31.5	42.5	39.6	41.2	30.1	85.1	79.4
thereof other intangible assets	0.7	1.8	3.8	6.1	4.7	35.9	30.2
thereof Goodwill	24.8	23.7	23.7	24.3	24.3	48.0	48.0
Property, plant and equipment	6.5	9.7	12.9	17.6	19.6	18.6	18.1
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
Fixed assets	39.1	55.5	53.8	60.6	51.5	105.4	99.2
Inventories	13.6	14.1	15.6	9.4	9.9	10.9	11.4
Accounts receivable	47.2	68.0	72.2	88.3	92.4	104.2	106.7
Liquid assets	25.8	31.5	46.4	44.6	108.3	88.6	120.3
Other short-term assets	9.2	8.4	6.8	5.7	5.7	5.7	5.7
Current assets	95.9	122.0	141.0	148.1	216.3	209.4	244.1
Total Assets	134.9	177.4	194.9	208.6	267.8	314.8	343.3
Liabilities and shareholders' equity							
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	55.8	73.3	99.3
Other equity components	-0.4	-0.1	-0.3	0.0	45.5	37.9	35.0
Shareholder's equity	43.9	50.9	60.7	80.6	138.8	148.7	171.8
Minority interest	0.0	0.1	0.2	0.2	0.2	17.7	17.7
Total equity	43.9	51.0	60.9	80.8	139.0	166.4	189.5
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	17.9	13.8	13.8
thereof short-term financial liabilities	0.7	1.2	10.6	3.4	4.5	4.5	4.5
Accounts payable	47.9	64.4	72.9	76.9	75.6	95.9	100.2
Other liabilities	16.5	28.1	27.6	30.3	30.3	33.6	34.6
Liabilities	91.0	126.4	134.0	127.9	128.9	148.4	153.7
Total liabilities and shareholders' equity	134.9	177.4	194.9	208.6	267.8	314.8	343.3

Financial Ratios

	2009	2010	2011	2012	2013e	2014e	2015e
Efficiency of Capital Employment							
Operating Assets Turnover	23.1 x	18.4 x	21.0 x	16.1 x	14.4 x	22.3 x	24.6 x
Capital Employed Turnover	10.5 x	9.5 x	13.5 x	10.8 x	12.6 x	8.3 x	9.6 x
ROA	13.0 %	14.1 %	21.4 %	18.9 %	31.8 %	20.6 %	31.4 %
Return on Capital							
ROCE (NOPAT)	15.1 %	24.1 %	29.0 %	29.1 %	33.6 %	32.3 %	36.9 %
ROE	12.2 %	16.5 %	20.6 %	16.2 %	14.9 %	15.1 %	19.4 %
Adj. ROE	12.2 %	16.7 %	20.6 %	16.2 %	14.9 %	15.1 %	19.4 %
Balance sheet quality							
Net Debt	-3.5	-0.8	-20.5	-29.1	-90.3	-74.7	-106.5
Net Financial Debt	-3.5	-0.9	-20.5	-29.2	-90.4	-74.8	-106.5
Net Gearing	-7.9 %	-1.6 %	-33.6 %	-36.0 %	-65.0 %	-44.9 %	-56.2 %
Net Fin. Debt / EBITDA	-33.8 %	-4.8 %	-82.2 %	-104.1 %	-271.0 %	-145.1 %	-169.9 %
Book Value / Share	4.2	4.9	5.8	7.6	11.7	10.2	11.8
Book value per share ex intangibles	1.2	0.8	2.0	3.7	9.2	4.4	6.3

ROCE Development

Net debt in EUR m

Book Value per Share in EUR


Source: Warburg Research

Source: Warburg Research

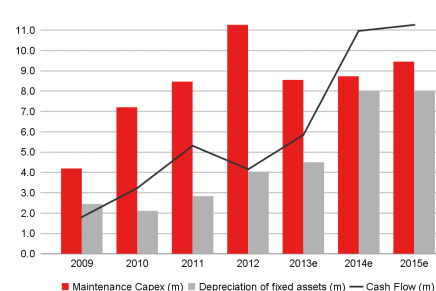
Source: Warburg Research

Consolidated cash flow statement

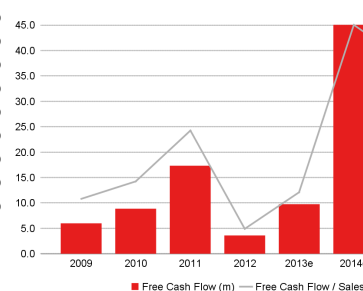
In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
Net income	5.6	7.9	11.7	11.6	16.4	22.3	31.8
Depreciation of fixed assets	2.4	2.1	2.8	4.0	4.5	8.0	8.0
Amortisation of goodwill	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.9	1.7	3.7	3.4	4.4	11.0	8.7
Increase/decrease in long-term provisions	-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	6.0	0.0
Cash Flow	7.8	14.0	22.9	17.9	25.2	47.3	48.5
Increase / decrease in inventory	-0.9	0.5	-6.3	6.3	-0.5	-1.0	-0.5
Increase / decrease in accounts receivable	0.8	-14.7	-5.2	-16.4	-4.1	-11.8	-2.5
Increase / decrease in accounts payable	2.7	17.2	15.3	8.4	-1.3	20.3	4.3
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	-5.9	7.5	1.3
Net cash provided by operating activities	10.7	16.9	26.7	16.1	19.3	54.8	49.8
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	-79.0	-3.0
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
Net cash provided by investing activities	-2.6	-17.3	-7.9	-10.6	-9.0	-88.2	-13.0
Change in financial liabilities	0.3	8.3	-4.3	-13.2	2.5	-4.1	0.0
Dividends paid	0.0	-1.5	-1.6	-3.3	-3.7	-4.1	-5.1
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	54.6	0.0	0.0
Other	-1.2	-1.5	0.1	-0.3	0.0	0.0	0.0
Net cash provided by financing activities	-1.1	5.9	-5.8	-5.3	53.4	-8.2	-5.1
Change in liquid funds	6.9	5.5	13.0	0.2	63.6	-41.7	31.7
Effects of exchange-rate changes on cash	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	25.8	31.5	44.5	44.6	108.3	66.6	120.3

Financial Ratios

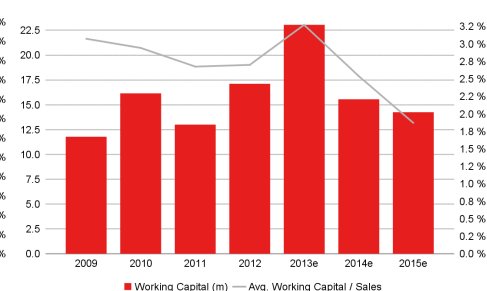
	2009	2010	2011	2012	2013e	2014e	2015e
Cash Flow							
Free Cash Flow	6.0	8.9	17.3	3.6	9.8	45.1	39.3
Free Cash Flow / Sales	1.4 %	1.9 %	3.2 %	0.6 %	1.6 %	5.9 %	4.9 %
Free Cash Flow Potential	5.6	6.4	11.3	9.5	17.4	33.0	39.6
Free Cash Flow / Sales	1.4 %	1.9 %	3.2 %	0.6 %	1.6 %	5.9 %	4.9 %
Free Cash Flow / Net Profit	118.4 %	113.4 %	150.3 %	31.4 %	59.5 %	208.0 %	126.3 %
Interest Received / Avg. Cash	0.7 %	0.5 %	0.8 %	0.8 %	0.4 %	0.3 %	0.3 %
Interest Paid / Avg. Debt	6.6 %	7.4 %	7.9 %	10.4 %	6.0 %	5.1 %	5.8 %
Management of Funds							
Investment ratio	1.1 %	1.7 %	1.7 %	2.2 %	1.5 %	1.3 %	1.3 %
Maint. Capex / Sales	1.0 %	1.5 %	1.6 %	2.0 %	1.4 %	1.1 %	1.2 %
Capex / Dep	136.9 %	208.3 %	143.6 %	169.0 %	106.7 %	51.1 %	62.9 %
Avg. Working Capital / Sales	3.1 %	2.9 %	2.7 %	2.7 %	3.3 %	2.5 %	1.9 %
Trade Debtors / Trade Creditors	98.6 %	105.6 %	99.0 %	114.8 %	122.2 %	108.7 %	106.5 %
Inventory Turnover	22.6 x	23.9 x	24.8 x	42.0 x	42.9 x	47.8 x	47.1 x
Receivables collection period (days)	41	52	48	58	55	50	49
Payables payment period (days)	57	70	69	71	65	67	68
Cash conversion cycle (Days)	-40	-54	-54	-64	-58	-61	-62

CAPEX and Cash Flow
in EUR m


Source: Warburg Research

Free Cash Flow Generation


Source: Warburg Research

Working Capital


Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
CANCOM	5, 6	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005419105.htm

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

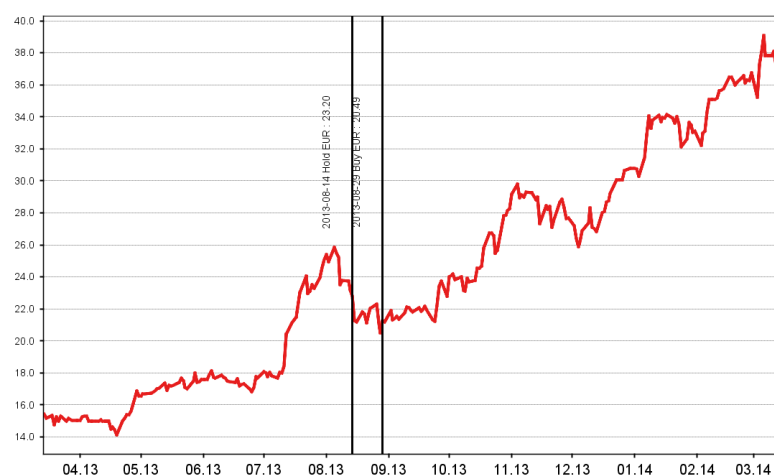
WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	90	45
Hold	90	45
Sell	16	8
Rating suspended	3	2
Total	199	100

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

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Rating	Number of stocks	% of Universe
Buy	73	51
Hold	62	43
Sell	7	5
Rating suspended	2	1
Total	144	100

PRICE AND RATING HISTORY CANCOM AS OF 13.03.2014


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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