

**Buy** (old: Buy)

**Price target: EUR 46.00** (old: EUR 46.00)

<b>Price:</b>	EUR 32.83	<b>Next result:</b>	Q2 14: 07.08.14
<b>Bloomberg:</b>	COK GR	<b>Market cap:</b>	EUR 488.5 m
<b>Reuters:</b>	COKG.DE	<b>Enterprise Value:</b>	EUR 448.1 m

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## Roadshow Feedback: Full steam ahead for Cloud Computing

During our roadshow to London, CANCOM confirmed that its **Cloud Computing business is growing by 30% yoy and operates at EBITDA margins of 20%+**. Apart from a strong pipeline of new deals, the business is seen to benefit from:

- **More business with existing customers.** Especially acquisitive growth of existing clients requires a modification of the installed Private Cloud solution and will trigger an increase in needed seats, resulting in a higher monthly recurring payment. Notably, growth with existing clients is very scalable and hence profitable as the basic cloud solution has already been implemented.
- **Growing deal size.** Cloud deals are continuously growing in size e.g. the latest project throws off € 200,000 monthly recurring sales versus the "average project" of € 100,000. **This yields economies of scale:** While the related implementation work is more cumbersome and takes longer, the workload increases less-than-proportionately to the recurring payment.

**The cloud co-operation with HP looks ready to pay-off.** CANCOM and HP are already pitching together for a big cloud project at a large company (i.e. DAX-size). The co-operation with HP makes sense as it offers **scalability**. Notably, it will not bind CANCOM's capacity (HP will take care of implementation) and will be high-margin business for CANCOM: The company will receive a fixed monthly license fee for every cloud project using its software. **We have not included any impact from the HP co-operation into our model yet.**

CANCOM continues to look for potential take-over candidates **but has no immediate targets**. The IT service market should continue to consolidate as smaller competitors can no longer keep up with the demands posed by new trends such as Cloud Computing. CANCOM's war chest remains well-filled (eH&A: € 103m gross cash at the end of '14E) and it expects to generate at least € 25m FCF per year; hence take-overs should remain a key part of the investment case. **CANCOM has a strong track record of increasing value for shareholders through acquisitions. Remains a BUY with a € 46.00 PT based on DCF.**

Y/E 31.12 (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Sales	474.6	544.4	558.1	613.8	800.7	855.0	897.0
Sales growth	36 %	15 %	3 %	10 %	30 %	7 %	5 %
EBITDA	19.0	25.0	28.1	33.4	53.2	64.8	77.2
EBIT	15.2	18.5	20.7	22.6	29.2	44.2	58.5
Net income	7.8	11.5	11.5	14.5	19.7	30.7	41.3
Net debt	-0.9	-18.5	-29.2	-62.5	-40.5	-68.7	-102.9
Net gearing	-1.8 %	-30.4 %	-36.3 %	-38.4 %	-25.3 %	-37.4 %	-47.2 %
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	1.33	2.06	2.77
CPS	1.28	2.18	0.89	0.87	2.05	2.71	3.25
DPS	0.15	0.30	0.35	0.40	0.45	0.50	0.67
Dividend yield	0.5 %	0.9 %	1.1 %	1.2 %	1.4 %	1.5 %	2.0 %
Gross profit margin	29.3 %	29.1 %	29.5 %	30.2 %	35.1 %	35.5 %	35.8 %
EBITDA margin	4.0 %	4.6 %	5.0 %	5.4 %	6.6 %	7.6 %	8.6 %
EBIT margin	3.2 %	3.4 %	3.7 %	3.7 %	3.6 %	5.2 %	6.5 %
ROCE	19.5 %	20.6 %	21.1 %	16.0 %	13.6 %	17.4 %	21.0 %
EV/sales	0.7	0.6	0.6	0.7	0.6	0.5	0.4
EV/EBITDA	17.7	12.7	12.2	12.5	8.4	6.5	5.0
EV/EBIT	22.2	17.3	16.6	18.4	15.4	9.5	6.6
PER	35.6	28.8	30.9	33.0	24.8	15.9	11.8
Adjusted FCF yield	3.4 %	4.9 %	4.5 %	5.2 %	7.5 %	9.6 %	12.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 04.08.2014



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 39.48 / 20.49  
**Price/Book Ratio:** 3.1  
**Relative performance (TecDAX):**  
3 months 2.4 %  
6 months 1.1 %  
12 months 10.6 %

### Changes in estimates

		Sales	EBIT	EPS
2014	old:	800.7	29.2	1.33
	Δ	-	-	-
2015	old:	855.0	44.2	2.06
	Δ	-	-	-
2016	old:	897.0	58.5	2.77
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 14.7  
Authorised capital: (in € m) 4.0  
Book value per share: (in €) 10.7  
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.

**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>800.7</b>	<b>855.0</b>	<b>897.0</b>
<i>Sales growth</i>	36.2 %	14.7 %	2.5 %	10.0 %	30.5 %	6.8 %	4.9 %
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>801.7</b>	<b>856.0</b>	<b>898.1</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	520.0	552.5	576.7
Personnel expenses	97.0	108.0	112.4	123.2	184.0	191.4	195.1
Other operating expenses	26.8	26.4	25.8	29.9	45.2	48.0	49.8
Total operating expenses	456.8	520.3	532.5	580.8	748.6	791.3	820.9
<b>EBITDA</b>	<b>19.0</b>	<b>25.0</b>	<b>28.1</b>	<b>33.4</b>	<b>53.2</b>	<b>64.8</b>	<b>77.2</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>44.9</b>	<b>56.1</b>	<b>67.7</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	15.7	11.9	9.2
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>29.2</b>	<b>44.2</b>	<b>58.5</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>28.5</b>	<b>44.1</b>	<b>58.7</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>28.5</b>	<b>44.1</b>	<b>58.7</b>
Taxes	3.7	4.9	6.6	6.9	7.7	12.0	16.0
<b>Net income from continuing operations</b>	<b>9.6</b>	<b>12.0</b>	<b>12.3</b>	<b>14.5</b>	<b>20.7</b>	<b>32.1</b>	<b>42.7</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>20.7</b>	<b>32.1</b>	<b>42.7</b>
Minority interest	0.1	0.2	0.1	0.0	1.0	1.4	1.5
<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>19.7</b>	<b>30.7</b>	<b>41.3</b>
Average number of shares	10.3	10.4	10.6	11.8	14.7	14.9	14.9
<b>EPS reported</b>	<b>0.76</b>	<b>1.11</b>	<b>1.09</b>	<b>1.23</b>	<b>1.34</b>	<b>2.06</b>	<b>2.77</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 %	64.9 %	64.6 %	64.3 %
Personnel expenses	20.4 %	19.8 %	20.1 %	20.1 %	23.0 %	22.4 %	21.8 %
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 %	93.5 %	92.5 %	91.5 %
<b>EBITDA</b>	<b>4.0 %</b>	<b>4.6 %</b>	<b>5.0 %</b>	<b>5.4 %</b>	<b>6.6 %</b>	<b>7.6 %</b>	<b>8.6 %</b>
Depreciation	0.8 %	0.5 %	0.7 %	0.9 %	1.0 %	1.0 %	1.1 %
<b>EBITA</b>	<b>3.2 %</b>	<b>4.1 %</b>	<b>4.3 %</b>	<b>4.5 %</b>	<b>5.6 %</b>	<b>6.6 %</b>	<b>7.5 %</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 %	2.0 %	1.4 %	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>3.6 %</b>	<b>5.2 %</b>	<b>6.5 %</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>3.6 %</b>	<b>5.2 %</b>	<b>6.5 %</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>3.6 %</b>	<b>5.2 %</b>	<b>6.5 %</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>2.6 %</b>	<b>3.8 %</b>	<b>4.8 %</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>2.6 %</b>	<b>3.8 %</b>	<b>4.8 %</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>2.5 %</b>	<b>3.6 %</b>	<b>4.6 %</b>

Source: Company data, Hauck &amp; 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>107.0</b>	<b>101.0</b>	<b>97.5</b>
Property, plant and equipment	9.7	12.9	17.6	20.5	31.9	34.2	37.3
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>144.9</b>	<b>141.2</b>	<b>140.7</b>
Inventories	13.4	15.0	8.7	15.5	15.4	16.8	17.6
Accounts receivable	68.0	72.2	88.3	112.9	120.0	126.5	132.7
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	103.3	122.7	155.8
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>243.2</b>	<b>270.5</b>	<b>310.6</b>
<b>TOTAL ASSETS</b>	<b>177.4</b>	<b>194.9</b>	<b>208.6</b>	<b>321.5</b>	<b>388.1</b>	<b>411.6</b>	<b>451.3</b>
SHAREHOLDERS EQUITY	50.9	60.7	80.6	162.8	159.9	183.9	217.7
MINORITY INTEREST	0.1	0.2	0.2	0.1	17.9	19.3	20.8
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	103.1	110.1	115.5
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>143.8</b>	<b>150.8</b>	<b>156.2</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>388.1</b>	<b>411.6</b>	<b>451.3</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>27.6 %</b>	<b>24.5 %</b>	<b>21.6 %</b>
Property, plant and equipment	5.5 %	6.6 %	8.4 %	6.4 %	8.2 %	8.3 %	8.3 %
Financial assets	1.8 %	1.1 %	2.4 %	10.9 %	1.5 %	1.5 %	1.3 %
<b>FIXED ASSETS</b>	<b>31.2 %</b>	<b>28.0 %</b>	<b>30.6 %</b>	<b>34.5 %</b>	<b>37.3 %</b>	<b>34.3 %</b>	<b>31.2 %</b>
Inventories	7.5 %	7.7 %	4.2 %	4.8 %	4.0 %	4.1 %	3.9 %
Accounts receivable	38.3 %	37.1 %	42.3 %	35.1 %	30.9 %	30.7 %	29.4 %
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 %	26.6 %	29.8 %	34.5 %
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 %	0.4 %	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>62.7 %</b>	<b>65.7 %</b>	<b>68.8 %</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 %	41.2 %	44.7 %	48.2 %
MINORITY INTEREST	0.0 %	0.1 %	0.1 %	0.0 %	4.6 %	4.7 %	4.6 %
Long-term debt	16.3 %	8.6 %	6.8 %	4.5 %	16.0 %	12.9 %	11.6 %
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 %	1.1 %	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>17.1 %</b>	<b>14.0 %</b>	<b>12.6 %</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 %	26.6 %	26.7 %	25.6 %
Advance payments received on orders	0.9 %	1.0 %	1.7 %	2.0 %	1.7 %	1.6 %	1.5 %
Other liabilities (incl. from lease and rental contracts)	9.2 %	9.0 %	9.0 %	7.3 %	6.1 %	5.7 %	5.2 %
Deferred taxes	2.4 %	1.4 %	1.4 %	1.6 %	1.3 %	1.3 %	1.2 %
Deferred income	3.4 %	2.9 %	2.4 %	1.4 %	1.2 %	1.1 %	1.0 %
<b>Current liabilities</b>	<b>53.1 %</b>	<b>56.2 %</b>	<b>52.0 %</b>	<b>43.4 %</b>	<b>37.0 %</b>	<b>36.6 %</b>	<b>34.6 %</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	20.7	32.1	42.7
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	15.7	11.9	9.2
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	44.7	52.7	61.4
Increase/decrease in inventory	0.3	-6.3	6.2	-6.7	0.1	-1.4	-0.8
Increase/decrease in accounts receivable	-15.2	-5.2	-16.1	-24.7	-7.0	-6.5	-6.2
Increase/decrease in accounts payable	17.1	15.3	4.0	22.1	4.1	7.0	5.4
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	-2.8	-0.9	-1.6
<b>Cash flow from operating activities</b>	<b>16.9</b>	<b>26.7</b>	<b>16.1</b>	<b>19.2</b>	<b>41.9</b>	<b>51.8</b>	<b>59.8</b>
CAPEX	8.1	9.4	12.5	8.1	24.1	15.2	16.6
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>-18.2</b>
Cash flow before financing	-0.4	18.8	5.5	-16.0	-12.2	34.9	41.6
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	6.7	7.4
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>-15.5</b>	<b>-8.4</b>
Increase/decrease in liquid assets	5.6	13.0	0.2	33.1	25.5	19.4	33.1
<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>103.3</b>	<b>122.7</b>	<b>155.8</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	761.5	814.0	0.0
yoy change	14.4 %	13.7 %	5.4 %	10.2 %	30.6 %	6.9 %	n/a
Rest of Europe	32.9	42.4	29.0	30.7	39.2	41.0	0.0
yoy change	-9.6 %	28.9 %	-31.7 %	6.0 %	27.8 %	4.6 %	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>800.7</b>	<b>855.0</b>	<b>0.0</b>
yoy change	12.3 %	14.7 %	2.5 %	10.0 %	30.5 %	6.8 %	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 %	30.5 %	6.8 %	4.9 %
EBITDA growth	100.7 %	31.6 %	12.2 %	18.9 %	59.2 %	21.8 %	19.2 %
EBIT growth	114.0 %	21.7 %	12.0 %	9.6 %	28.7 %	51.5 %	32.5 %
EPS growth	55.5 %	46.4 %	-2.1 %	13.7 %	8.3 %	54.1 %	34.6 %
<b>Efficiency</b>							
Total operating costs / sales	96.3 %	95.6 %	95.4 %	94.6 %	93.5 %	92.5 %	91.5 %
Sales per employee	257.7	273.1	270.9	289.1	360.7	369.3	760.2
EBITDA per employee	10.3	12.5	13.6	15.7	23.9	28.0	65.4
<b>Balance sheet analysis</b>							
Avg. working capital / sales	2.8 %	2.6 %	2.6 %	3.2 %	3.0 %	3.1 %	3.1 %
Inventory turnover (sales/inventory)	35.5	36.3	63.8	39.6	52.0	51.0	51.0
Trade debtors in days of sales	52.3	48.4	57.7	67.2	54.7	54.0	54.0
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	-6.9	-7.7	-8.0
<b>Cash flow analysis</b>							
Free cash flow	8.8	17.3	3.6	11.1	17.8	36.6	43.2
Free cash flow/sales	1.9 %	3.2 %	0.6 %	1.8 %	2.2 %	4.3 %	4.8 %
FCF / net profit	113.1 %	150.3 %	31.4 %	76.2 %	90.2 %	119.4 %	104.7 %
Capex / depre	206.6 %	139.0 %	169.0 %	318.6 %	100.4 %	73.8 %	88.7 %
Capex / maintenance capex	133.1 %	151.6 %	n/a	112.8 %	172.8 %	95.7 %	109.2 %
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	-40.5	-68.7	-102.9
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	20.8	44.2	65.0
Dividend payout ratio	19.7 %	26.7 %	34.7 %	40.2 %	34.0 %	24.3 %	24.3 %
<b>Asset utilisation</b>							
Capital employed turnover	5.6	5.8	5.5	3.4	3.3	3.3	3.0
Operating assets turnover	18.9	21.5	16.4	14.2	13.9	14.1	13.7
Plant turnover	49.0	42.2	31.8	30.0	25.1	25.0	24.1
Inventory turnover (sales/inventory)	35.5	36.3	63.8	39.6	52.0	51.0	51.0
<b>Returns</b>							
ROCE	19.5 %	20.6 %	21.1 %	16.0 %	13.6 %	17.4 %	21.0 %
ROE	15.4 %	19.0 %	14.2 %	8.9 %	12.3 %	16.7 %	19.0 %
<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	14.7	14.9	14.9
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	1.34	2.06	2.77
<b>Valuation ratios</b>							
P/BV	6.7	5.6	4.7	2.9	3.1	2.7	2.2
EV/sales	0.7	0.6	0.6	0.7	0.6	0.5	0.4
EV/EBITDA	17.7	12.7	12.2	12.5	8.4	6.5	5.0
EV/EBITA	22.2	14.4	14.3	15.0	10.0	7.5	5.7
EV/EBIT	22.2	17.3	16.6	18.4	15.4	9.5	6.6
EV/FCF	38.0	18.4	95.5	37.7	25.2	11.5	8.9
Adjusted FCF yield	3.4 %	4.9 %	4.5 %	5.2 %	7.5 %	9.6 %	12.7 %
Dividend yield	0.5 %	0.9 %	1.1 %	1.2 %	1.4 %	1.5 %	2.0 %

Source: Company data, Hauck & Aufhäuser

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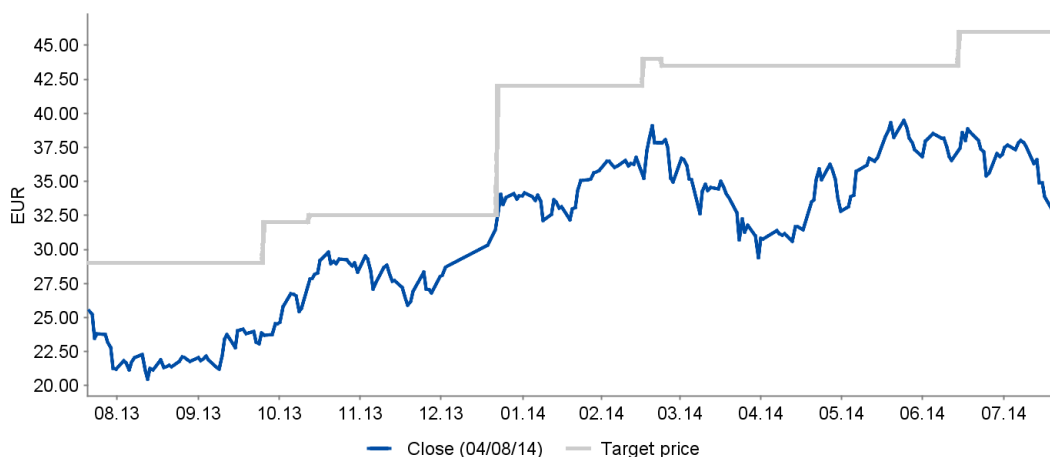
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Company	Disclosure
CANCOM SE	2, 3, 5, 7

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

**Price and Rating History  
CANCOM SE as of 05/08/14**

**Initiation coverage**  
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