

Company Flash Note

Reason: Company newsflow

23 August 2018

Buy

Recommendation unchanged

Share price: EUR 19.90

closing price as of 22/08/2018

Target price: EUR 27.40

from Target Price: EUR 27.30

Upside/Downside Potential 37.7%

Reuters/Bloomberg

SISG.DE/SIS GR

Market capitalisation (EURm) 203

Current N° of shares (m) 10

Free float 53%

Daily avg. no. trad. sh. 12 mth 30

Daily avg. trad. vol. 12 mth (m) 95.22

Price high/low 12 months 13.06 / 30.50

Abs Perfs 1/3/12 mths (%) -5.24/-15.68/50.30

Key financials (EUR)

Sales (m) 12/17 148 12/18e 157 12/19e 168

EBITDA (m) 20 23 23

EBITDA margin 13.3% 14.4% 13.9%

EBIT (m) 11 12 14

EBIT margin 7.2% 7.9% 8.0%

Net Profit (adj.)(m) 4 7 8

ROCE 6.0% 7.0% 7.6%

Net debt/(cash) (m) 23 20 15

Net Debt Equity 0.3 0.2 0.2

Net Debt/EBITDA 1.2 0.9 0.6

Int. cover(EBITDA/Fin.int) 10.6 10.5 10.8

EV/Sales 1.7 1.4 1.3

EV/EBITDA 12.6 10.0 9.4

EV/EBITDA (adj.) 14.2 10.0 9.4

EV/EBIT 23.4 18.2 16.3

P/E (adj.) nm 29.6 26.6

P/BV 2.8 2.4 2.2

OpFCF yield 1.2% 2.1% 3.4%

Dividend yield 0.8% 0.9% 1.0%

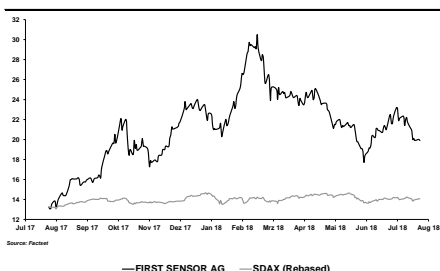
EPS (adj.) 0.40 0.67 0.75

BVPS 7.91 8.42 8.99

DPS 0.16 0.18 0.20

Shareholders

FS Technology Holding S.à.r.l. 36%; Midlin NV 6%; Gerlin NV 5%;



Analyst(s)

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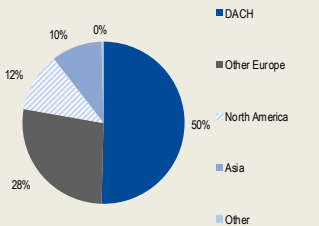
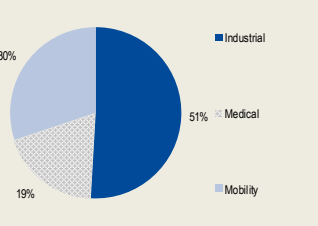
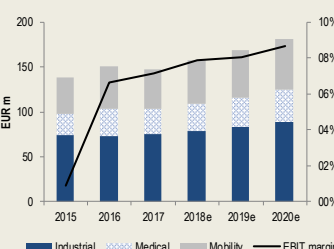


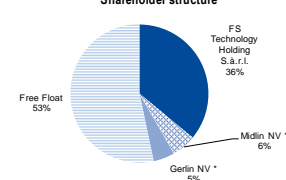
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Q2 '18 results beat our estimates

First Sensor's (FIS) set of Q2 '18 key financials beat our estimates. Production output normalised, following the ERP introduction in the first quarter, and sales were up by 15.2%. The EBIT-margin reached 7.5% and returned into the targeted corridor for 2018e of 7%-9%. The company's confirmation of the full-year guidance came as no surprise to us. Mid- to long-term we confirm our view that the group will benefit from various megatrends related to FIS's target markets. Up to now there is no negative impact from a potential escalating global trade war visible. We confirm our Buy recommendation with a marginally higher target price of EUR 27.40 from EUR 27.30 per share.

- ✓ **Solid order situation:** Q2 incoming orders kept their high level from last year and were stable at EUR 44.4m. For the first six months FIS reported about an increase of 5.3% yoy. The book to bill ratio of 1.13 signals further growth. Orders in hand amounted to EUR 102.1m and give a good basis to reach FIS's own sales target of EUR 150-160m and our full-year sales estimate of EUR 157m.
- ✓ **EBIT-margin back to "normal":** After having achieved a low EBIT-margin of only 3.1% in the first quarter, FIS reached 7.5% in the second quarter, which was within the full-year target corridor of 7.0%-9.0%. Strong demand, the group-wide almost introduced ERP system and efficiency gains are the main drivers behind the improvement. Looking forward we see a reasonable potential for a further increase to more than 9.0%.
- ✓ **Benefitting from some megatrends:** FIS serves three strategic target markets which are Industrial, Medical and Mobility. Industry 4.0 will change the philosophy of production and sensors and sensor systems definitely will play an important role. In Medical E-health applications are on the rise, while in Mobility autonomous driving, among other new trends, is in the centre of First Sensor's interest.
- ✓ **New large contracts:** One of the five pillars in the profitable growth strategy is to focus on key customers and key products. Two new orders demonstrate some success: 1) In May it was announced the strengthening of the collaboration with a Canadian technology leader for machine vision technology for image sensor boards. 2) Extended collaboration with a Chinese process automation company. This contract covers the development and production of customer-specific pressure sensor components.
- ✓ **Key risks** comprise among other factors: 1) FS might not keep the speed with regard to new, innovative products and as a result could lose market share over time. 2) FS will not meet timely all defined milestones of their overall strategy plan what can result in a lower than expected profitability. 3) Hiring of new and skilled employees could become more challenging.
- ✓ **9M/Q3 2018e results publication:** 12 November 2018

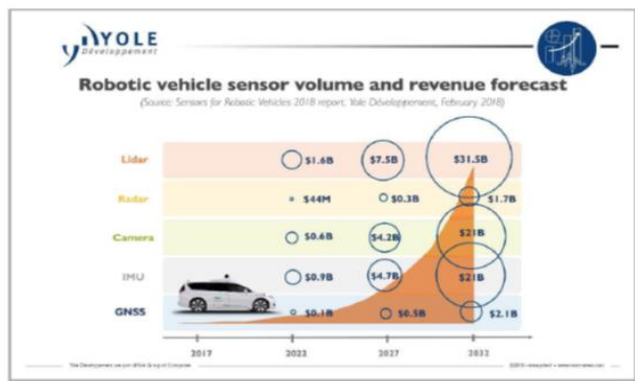
Exhibit 1: First Sensor at a glance

Business Units	Industrial	Medical	Mobility
Products/ applications	A wide range of standardized and customized sensors in such applications as length measurement, radiation and security, Smart Building, industrial process control and aerospace	First Sensor offers solutions measuring pressure, flow, liquid level, oxygen, light, radiation and acceleration for such areas as breathing and respiration, dialysis, endoscopy, and diagnostics.	In the segment Mobility, First Sensor develops and manufactures sensor devices in such applications as advanced driver assistance systems (ADAS) and OEM pressure sensors and camera solutions
Customers	A broad range of industrial end-markets A broad customer base of c. 2.000 business clients	OEMs for medical devices Roche, Fresenius, Siemens, Draegerwerke	Automotive OEMs and large suppliers, retrofitters Daimler Trucks, VW, FUSO, Volvo, Renault, Paccar, Hella, Delphi, Velodyne, Autoliv, Kenworth, DAF, Navistar, Western Star
Market share/ positioning	No concrete figures disclosed; most likely strong position in industrial pressure sensors and optical sensor solutions	Most likely strong position in pressure and flow	No concrete figures disclosed; most likely above average position pressure sensors; optical sensors (e.g. LiDAR systems) with strong growth in upcoming years
Drivers	A) Development of Industry 4.0, B) Demand for process automation	A) Miniaturization of medical technology, B) increasing demand for intelligent solutions, which analyse and communicate the measured data, C) general e-health trend	A) Autonomous driving, B) Green mobility
Main competitors	Hamamatsu, Amphenol Advanced Sensors, Excelitas, Detection Technology, SMI Pressure Sensors	Honeywell, all sensors, Merit Sensor, OSI Systems, Sensirion	Bosch, Hamamatsu, Excelitas, Sensata Technologies
Entry barriers/ competitive advantage	Positioned in strategic target markets which are of limited interest for large players; FIS covers the entire value chain for sensor solution systems; focus on individual solutions for specific customer needs; higher pricing power for sensor system solutions due to high complexity; lower pricing power in the direction of suppliers;		
Strategy & Guidance	Strategy: Higher profitability (I) Targets and Markets (II) Key Customer & Products (III) Forward integration (IV) Internationalization		
2017	Sales (EURm) 147.5	EBITDA (EURm) 19.6 Margin 13.3%	EBIT adj. (EURm) 10.6 Margin 7.2%
Sales & EBIT Split	Sales split by region  Sales split by division  Group sales development 		
Shareholder structure & management	CEO  Dr. Dirk Rothweiler CEO (appointed until end of 2019) <ul style="list-style-type: none"> • Background in physics • EVP Optical Systems at Jenoptik • Vice President Sales & Service at TCZ • MD Asia-Pacific for Süss Microtec AG CFO  Dr. Mathias Gollwitzer CFO (appointed until 2022) <ul style="list-style-type: none"> • Head of group controlling, EnBW • CFO Mercedes-Benz France SAS • Head of Corporate Controlling, DaimlerChrysler AG Shareholder structure 		
# of employees FY 2017	798 (FTE)		

Source: Company data, equinet Research

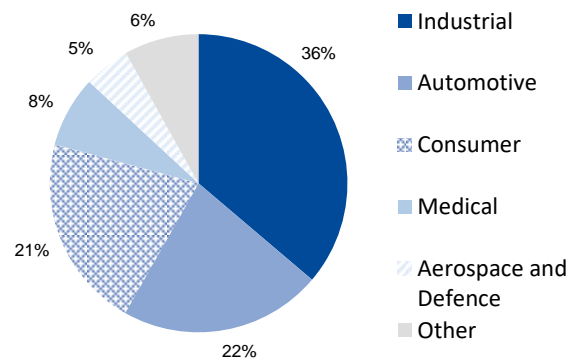
Investment Case in Charts

Exhibit 2: Tremendous growth expected in Automotive



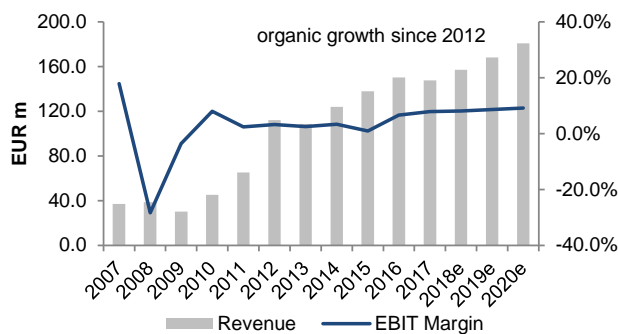
Source: Yole Développement

Exhibit 3: FIS active in 4-5 sensor market segments



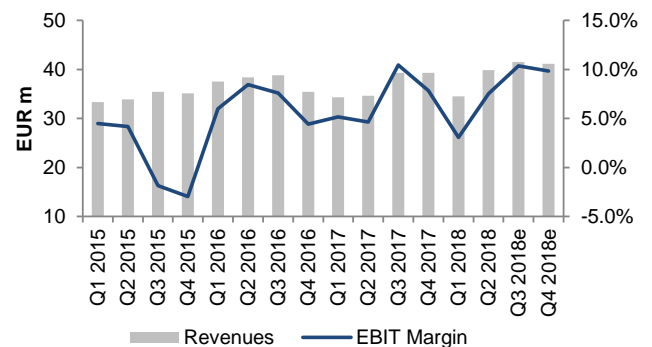
Source: AMR, BCC, R&M, equinet Research

Exhibit 4: EBIT-margin improvement long-term . . .



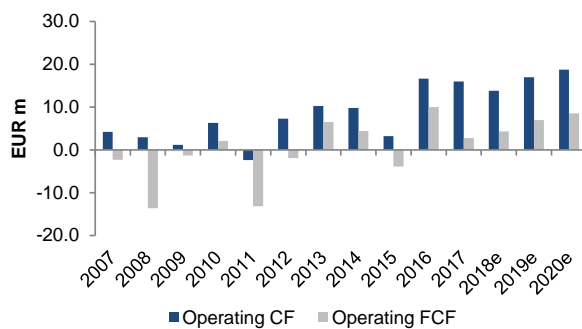
Source: Company data, equinet Research

Exhibit 5: and short-term



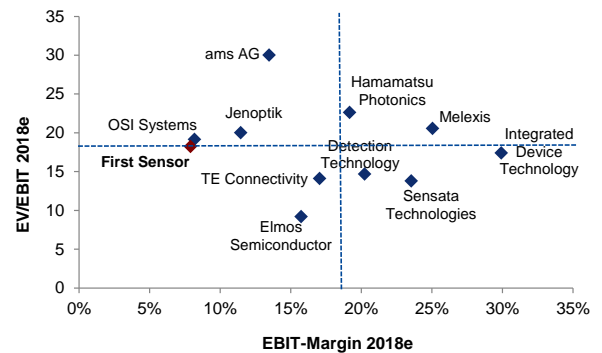
Source: Company data, equinet Research

Exhibit 6: FIS a strong cash flow generator



Source: Company data, equinet Research

Exhibit 7: EBIT-margin and multiple landscape



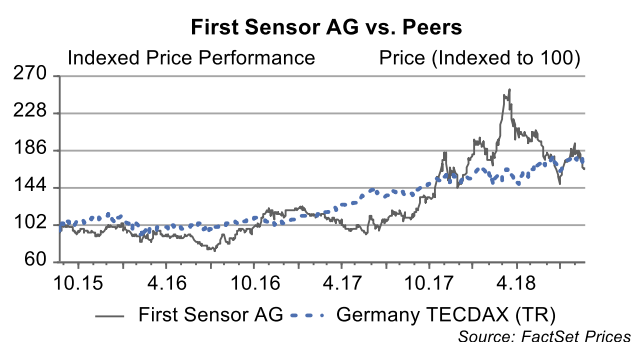
Source: FactSet, equinet Research

Investment case

The First Sensor group currently holds leading market positions in its defined strategic end-markets. These markets have high entry barriers for other medium-sized companies and volumes most likely are too small for the large players in our view.

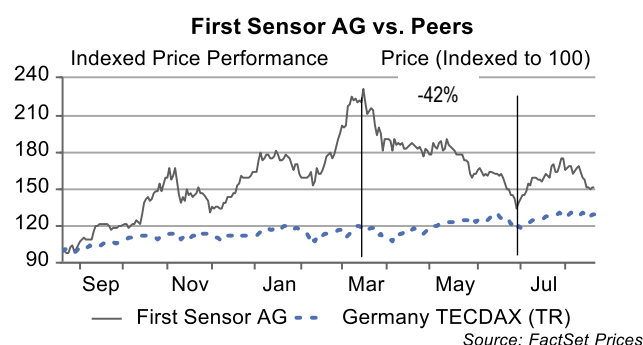
The company covers the entire value chain for sensor and related systems. Looking forward, First Sensor is well positioned to benefit from some megatrends like for example autonomous driving or Industry 4.0. By benefitting from these trends the current strategy is directed to a higher margin level and in 2016 and 2017 the group could harvest the first fruits of this program. Nevertheless the margin level is still behind to some of its listed peer group companies.

Exhibit 8: First Sensor: Three years performance



Source: Prices as of 22.08.2018

Exhibit 9: First Sensor: One year performance



Source: Prices as of 22.08.2018

The latest share price decline of 42%, measured from the last peak in mid-March at EUR 30.50 to end of June 2018, is not justified in our view. Looking back, Q1 2018 results were burdened by the group-wide introduction of an ERP-system, but according to our assessment this was mainly a problem in January and eased during the following months. Q1 2018 EBIT-margin of 3.1% (Q1 '17: 5.2%; Q4 '17: 7.8%) may have disappointed some market participants. As expected, the second quarters EBIT-margin level normalized again to 7.5%. The latest share price setback to below EUR 20.0 was in line with the overall market decline due to the turbulences in Turkey and continuing uncertainties about a global trade war.

Further triggers for the share price in our view are any signs for a further sustainable margin improvement. These signs can be for example the winning of new high volume OEM customers, new product innovations, internal cost savings measures or entering new markets. The signing of an extension of an existing contract with a Chinese process automation company in July is a good example. The strengthening of the collaboration with a Canadian technology leader for machine vision technology for an additional contract for sensor boards until 2019 is another one.

A possible escalation of the global trade war will not directly affect the business of FIS, according to the company. An extension of duties for European carmakers could have a negative impact on First Sensor's Mobility segment (2017 sales share of 30.1%) in our view.

Valuation Update

- We confirm our Buy recommendation from 26 July 2018
- TP marginally up to EUR 27.40 from EUR 27.30 per share; estimated for FY 2018e have not changed
- Unchanged base parameters: Beta at 1.1; perpetual growth rate at 2.5% and sustainable margin at 9.5%
- Current upside potential of 38%

Exhibit 10: First Sensor: DCF model – base case

EUR m	Phase I					Phase II					Phase III
	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	
Revenues	157.0	168.0	180.8	194.9	210.0	224.4	237.9	250.1	260.7	269.5	
growth rate	6.4%	7.0%	7.6%	7.8%	7.7%	6.9%	6.0%	5.1%	4.2%	3.4%	
EBIT	12.4	13.5	15.6	17.8	19.8	21.2	22.5	23.7	24.7	25.6	
EBIT margin	7.9%	8.0%	8.6%	9.1%	9.4%	9.5%	9.5%	9.5%	9.5%	9.5%	
Tax	-3.7	-4.1	-4.7	-5.3	-5.9	-6.4	-6.8	-7.1	-7.4	-7.7	
Tax rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	
Depr. & Amort.	10.2	9.8	9.9	10.2	10.3	11.2	11.9	12.5	13.1	13.6	
% of sales	6.5%	5.8%	5.5%	5.2%	4.9%	5.0%	5.0%	5.0%	5.0%	5.0%	
Capex	-9.5	-10.0	-10.2	-11.0	-11.1	-11.9	-12.6	-13.2	-13.8	-14.2	
% of sales	6.1%	6.0%	5.6%	5.6%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	
Change in WC & P	-2.0	-0.5	-0.4	-0.1	0.2	0.2	0.2	0.2	0.2	0.1	
% of sales	13%	0.3%	0.2%	0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	
Free Cash Flow	7.3	8.7	10.2	11.5	13.3	14.4	15.3	16.1	16.8	17.4	401.4
growth rate	nm	19.0%	16.9%	12.4%	16.0%	7.9%	6.5%	5.3%	4.3%	3.4%	2.5%
Present Value FCF	7.2	8.0	8.7	9.2	9.9	10.0	10.0	9.8	9.6	9.3	214.3
PV Phase I		43.0				Risk free rate	3.5%	Targ. equity ratio	60%		
PV Phase II		48.7				Premium Equity	5.0%	Beta	1.1		
PV Phase III		214.3				Premium Debt	2.0%	WACC	6.9%		
Enterprise value		306.0				Sensitivity		Growth in phase III			
- Net Debt (Cash)		22.8						1.5%	2.0%	2.5%	3.0%
- Pension Provisions		0.3				6.25%	27.4	29.9	33.2	37.4	43.1
- Minorities & Peripherals		1.2				6.59%	25.3	27.4	30.0	33.4	37.9
+ MV of financial assets						WACC 6.94%	23.4	25.2	27.4	30.2	33.8
- Paid-out dividends for last FY		1.6				7.29%	21.8	23.3	25.2	27.5	30.4
+/- Other EV items						7.63%	20.3	21.6	23.2	25.2	27.6
Equity value		280.0									
Number of shares		10.2									
Value per share (€)		27.4									
Current Price (€)		19.9									
Upside		38%									

Source: equinet Research

H1/Q2 2018 with margin improvement

In Q2 2018 First Sensor achieved a stable order intake of EUR 44.4m. All other key financials beat our estimates, as can be seen in Exhibit 11. By making progress with the introduction of a new ERP-system production output normalised and sales were up by 15.2% yoy. The book-to-bill ratio reached 1.11 and signal further growth. The higher output had a positive effect on profitability and the EBIT-margin reached 7.5%, now being in the targeted corridor for 2018e of 7%-9%.

Exhibit 11: First Sensor: Q2 2018 with improved EBIT-margin

EUR m	Q2 2018	Q2 2017	% YoY	equinet	Delta
Order intake	44.4	44.4	0.0%	46.0	-3.5%
Revenues	39.9	34.6	15.2%	37.5	6.3%
<i>of which: Industrial</i>	<i>21.0</i>	<i>18.3</i>	<i>15.0%</i>	<i>20.3</i>	<i>3.6%</i>
<i>of which: Medical</i>	<i>8.9</i>	<i>6.4</i>	<i>39.5%</i>	<i>7.0</i>	<i>27.6%</i>
<i>of which: Mobility</i>	<i>9.9</i>	<i>9.9</i>	<i>-0.1%</i>	<i>10.2</i>	<i>-3.0%</i>
Book-to-bill ratio group	1.11	1.28		1.23	
EBIT	3.0	1.6	87.0%	2.2	36.4%
EBIT Margin	7.5%	4.6%		5.9%	
Net income	2.1	0.7	185.0%	1.5	37.2%
EPS, EUR	0.20	0.06	255.8%	0.15	34.3%

Source: Company data, equinet Research

H1 2018 sales reached 74.4m (+7.9% yoy) and all three segments reported higher sales yoy. The strongest growth was reported in the Medical segment with an increase of 27.5% yoy. In order to reach our full-year estimate of EUR 157m the second half has to generate EUR 82.6m. Last year's H2 figure amounted to EUR 78.6m. Given the order book of EUR 102.1m and taken into account the new larger order from a Canadian client we see good chances to meet our estimate. H1 2018 EBIT-margin increased to 5.5% from 4.9% a year earlier. On a sequential basis there is a clear upward trend: EBIT-margin Q1 '18: 3.1%, Q2 '18: 7.5%. Our full-year EBIT estimate amounted to EUR 12.4m, corresponding to a margin of 7.9%.

Other highlights within the H1 '18 report:

- With regard to products for LiDAR systems a new sales & marketing campaign has started; also the production ramp-up for the Blue Next camera is in process
- End of June the group's liquidity was squeezed down to EUR 17.4m from 25.5m end of FY 2017
- The operating cash flow reached EUR -1.9m (EUR 1.8m), what can be explained mainly by the dividend payment to shareholders and higher working capital needs thanks to better volumes and keeping an eye on the security of supply

- Net financial debt amounted to EUR 30.5m; gearing amounted to 36.9% versus 27.8% end of 2018

Exhibit 12: First Sensor: Overview promissory notes

Placement	EUR m	Term	Due date
2013	12.0	5 years	2018
2015	7.0	5 years	2020
2015	18.0	7 years	2020
2015	3.0	6 years	2022
Total amount	40.0		

Source: Company data, equinet Research

- According to the company guidance we have reduced our capex estimate for FY 2018 to EUR 9.5m from 10.5m
- First Sensor confirmed the full-year guidance 2018e: Group sales should reach EUR 150-160m and the EBIT-margin is expected to reach 7-9%

First Sensor AG : Summary tables

PROFIT & LOSS (EURm)	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Sales	124	138	150	148	157	168
Cost of Sales & Operating Costs	-113	-129	-131	-130	-134	-145
Non Recurrent Expenses/Income	2.5	3.2	0.2	2.3	0.0	0.0
EBITDA	13.1	11.5	19.4	19.6	22.6	23.3
EBITDA (adj.)*	10.6	8.4	19.3	17.3	22.6	23.3
Depreciation	-6.5	-7.2	-7.1	-6.8	-10.2	-9.8
EBITA	6.6	4.4	12.4	12.8	12.4	13.5
EBITA (adj)*	4.1	1.2	12.2	10.6	12.4	13.5
Amortisations and Write Downs	-2.5	-3.2	-2.4	-2.3	0.0	0.0
<i>of which PPA amortisation</i>	-2.5	-3.2	-2.4	-2.3	0.0	0.0
EBIT	4.1	1.2	10.0	10.6	12.4	13.5
EBIT (adj.)*	4.1	1.2	12.2	10.6	12.4	13.5
Net Financial Interest	-2.4	-2.4	-1.8	-1.9	-2.1	-2.2
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.5	-1.5	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	1.7	-1.2	8.7	7.2	10.2	11.4
Tax	-1.3	-0.4	-2.6	-2.8	-3.1	-3.4
<i>Tax rate</i>	<i>76.3%</i>	<i>n.m.</i>	<i>30.2%</i>	<i>38.9%</i>	<i>30.0%</i>	<i>30.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.2	-0.2	-0.3	-0.2	-0.3	-0.3
Net Profit (reported)	0.2	-1.7	5.7	4.1	6.9	7.7
Net Profit (adj.)	0.2	-1.7	5.8	4.1	6.9	7.7
CASH FLOW (EURm)	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Cash Flow from Operations before change in NWC	11.4	9.5	15.8	17.8	15.8	17.5
Change in Net Working Capital	-1.6	-6.3	0.8	-1.8	-2.0	-0.5
Cash Flow from Operations	9.8	3.2	16.6	16.0	13.8	17.0
Capex	-5.4	-7.1	-6.6	-13.2	-9.5	-10.0
Net Financial Investments	1.1	2.0	0.1	0.7	0.0	0.0
Free Cash Flow	5.5	-1.9	10.1	3.5	4.3	7.0
Dividends	0.0	0.0	0.0	0.0	-1.6	-1.8
Other (incl. Capital Increase & share buy backs)	0.0	0.0	0.0	0.0	0.0	0.0
Change in Net Debt	5.5	-1.9	10.1	3.5	2.7	5.1
NOPLAT	2.9	0.8	8.5	7.4	8.7	9.5
BALANCE SHEET & OTHER ITEMS (EURm)	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Net Tangible Assets	36.4	35.0	33.0	36.4	36.7	36.4
Net Intangible Assets (incl. Goodwill)	52.2	49.6	49.1	48.9	47.9	48.4
Net Financial Assets & Other	0.0	0.0	0.0	0.0	0.0	0.0
Total Fixed Assets	88.7	84.6	82.1	85.3	84.6	84.8
Inventories	29.9	27.1	25.9	24.6	25.8	26.3
Trade receivables	8.6	17.0	18.4	20.8	21.8	22.1
Other current assets	4.8	4.7	3.8	3.4	3.7	3.8
Cash (-)	-14.5	-21.5	-23.8	-25.5	-29.1	-34.6
Total Current Assets	57.8	70.4	71.9	74.3	80.5	86.8
Total Assets	146	155	154	160	165	172
Shareholders Equity	71.6	70.7	76.5	80.8	86.0	91.8
Minority	0.4	0.6	0.9	1.2	1.2	1.2
Total Equity	72.0	71.3	77.4	82.0	87.2	93.0
Long term interest bearing debt	35.3	44.5	37.2	36.3	36.3	35.6
Provisions	0.5	0.7	0.3	0.3	0.3	0.3
Other long term liabilities	13.0	11.8	8.1	7.4	7.5	7.6
Total Long Term Liabilities	48.8	57.0	45.6	44.0	44.1	43.5
Short term interest bearing debt	9.0	10.0	11.0	12.0	13.0	14.0
Trade payables	8.2	7.6	8.6	7.9	8.1	8.3
Other current liabilities	8.5	9.1	11.4	13.7	12.7	12.7
Total Current Liabilities	25.7	26.7	31.0	33.6	33.8	35.0
Total Liabilities and Shareholders' Equity	146	155	154	160	165	172
Net Capital Employed	115	117	110	113	115	116
Net Working Capital	30.3	36.5	35.7	37.5	39.5	40.1
GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
<i>Sales growth</i>	<i>14.2%</i>	<i>11.1%</i>	<i>9.0%</i>	<i>-1.7%</i>	<i>6.4%</i>	<i>7.0%</i>
EBITDA (adj.)* growth	-32.3%	-20.9%	129.5%	-9.9%	30.2%	3.3%
<i>EBITA (adj.)* growth</i>	<i>-43.8%</i>	<i>-70.7%</i>	<i>916.7%</i>	<i>-13.5%</i>	<i>17.4%</i>	<i>9.2%</i>
<i>EBIT (adj.)* growth</i>	<i>-43.8%</i>	<i>-70.7%</i>	<i>916.7%</i>	<i>-13.5%</i>	<i>17.4%</i>	<i>9.2%</i>

First Sensor AG : Summary tables

GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Net Profit growth	-93.5%	n.m.	n.m.	-28.2%	66.3%	11.4%
EPS adj. growth	-93.6%	n.m.	n.m.	-28.3%	66.3%	11.4%
DPS adj. growth				n.m.	12.5%	11.1%
EBITDA (adj)* margin	8.6%	6.1%	12.8%	11.8%	14.4%	13.9%
EBITA (adj)* margin	3.3%	0.9%	8.1%	7.2%	7.9%	8.0%
EBIT (adj)* margin	3.3%	0.9%	8.1%	7.2%	7.9%	8.0%
RATIOS	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Net Debt/Equity	0.4	0.5	0.3	0.3	0.2	0.2
Net Debt/EBITDA	2.3	2.9	1.3	1.2	0.9	0.6
Interest cover (EBITDA/Fin.interest)	5.4	4.9	10.8	10.6	10.5	10.8
Capex/D&A	60.2%	68.5%	70.1%	145.4%	93.1%	102.0%
Capex/Sales	4.4%	5.1%	4.4%	8.9%	6.1%	6.0%
NWC/Sales	24.4%	26.5%	23.8%	25.4%	25.2%	23.8%
ROE (average)	0.2%	-2.4%	7.8%	5.3%	8.2%	8.6%
ROCE (adj.)	2.4%	0.7%	7.2%	6.0%	7.0%	7.6%
WACC	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
ROCE (adj.)/WACC	0.3	0.1	1.0	0.9	1.0	1.1
PER SHARE DATA (EUR)***	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Average diluted number of shares	10.0	10.2	10.2	10.2	10.2	10.2
EPS (reported)	0.02	-0.17	0.56	0.40	0.67	0.75
EPS (adj.)	0.02	-0.17	0.56	0.40	0.67	0.75
BVPS	7.12	6.96	7.49	7.91	8.42	8.99
DPS	0.00	0.00	0.00	0.16	0.18	0.20
VALUATION	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
EV/Sales	1.0	1.2	1.2	1.7	1.4	1.3
EV/EBITDA	9.8	13.9	8.9	12.6	10.0	9.4
EV/EBITDA (adj.)*	12.1	19.1	9.0	14.2	10.0	9.4
EV/EBITA	19.5	36.8	14.1	19.2	18.2	16.3
EV/EBITA (adj.)*	31.3	133.5	14.2	23.4	18.2	16.3
EV/EBIT	31.3	n.m.	17.4	23.4	18.2	16.3
EV/EBIT (adj.)*	31.3	n.m.	14.2	23.4	18.2	16.3
P/E (adj.)	n.m.	n.m.	25.7	n.m.	29.6	26.6
P/BV	1.4	1.8	1.9	2.8	2.4	2.2
Total Yield Ratio	0.0%	0.0%	0.0%	0.8%	0.9%	1.0%
EV/CE	1.1	1.3	1.5	2.0	1.8	1.8
OpFCF yield	4.5%	-3.1%	6.8%	1.2%	2.1%	3.4%
OpFCF/EV	3.4%	-2.4%	5.8%	1.1%	1.9%	3.2%
Payout ratio	0.0%	0.0%	0.0%	39.6%	26.8%	26.7%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.8%	0.9%	1.0%
EV AND MKT CAP (EURm)	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Price** (EUR)	9.75	12.44	14.50	21.76	19.90	19.90
Outstanding number of shares for main stock	10.0	10.2	10.2	10.2	10.2	10.2
Total Market Cap	98	126	148	222	203	203
Net Debt	30	33	24	23	20	15
<i>o/w Cash & Marketable Securities (-)</i>	<i>-15</i>	<i>-22</i>	<i>-24</i>	<i>-26</i>	<i>-29</i>	<i>-35</i>
<i>o/w Gross Debt (+)</i>	<i>44</i>	<i>55</i>	<i>48</i>	<i>48</i>	<i>49</i>	<i>50</i>
Other EV components	1	1	1	2	1	1
Enterprise Value (EV adj.)	128	160	174	247	225	220

Source: Company, equinet Bank estimates.

Notes

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

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

Sector: Technology Hardware & Equipment/Technology Hardware & Equipment

Company Description: First Sensor engages in the development and manufacture of sensors, components and sensor solutions. The company serves the target markets Industrial, Medical and Mobility. The product portfolio include, among others, pressure, optical, radiation, flow, level and inertial sensors, cameras and power semiconductors. The company was founded in 1991 and is located in Berlin, Germany.

Recommendation and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
1&1DRILLISCHAG	Sen	66.00	Buy		Logwin	Mildner	165.00	Accumulate	2/3
2G Energy	Rüzgar	23.50	Accumulate	2/3/5	Manz AG	Rüzgar	37.00	Neutral	2/3
Aareal Bank	Häßler	42.00	Neutral		MAXAutomation SE	Becker	6.70	Buy	2/3
adidas	Josefson	228.00	Accumulate		Merck	Berzhanin	112.00	Buy	
Adler Modemaerkte	Josefson	6.35	Buy	7	Merkur Bank	Häßler	10.00	Buy	2/7
ADLER Real Estate	Mayer	18.00	Buy		Metro AG	Bruns	17.00	Buy	2
Aixtron	Sen	14.00	Buy	2/3	MLP	Häßler	7.50	Buy	2/3
Allianz	Häßler	200.00	Neutral		MTU Aero Engines	Rüzgar	148.00	Reduce	2
Axel Springer	Josefson	67.00	Accumulate		Munich Re	Häßler	210.00	Accumulate	
Bayer	Berzhanin	118.00	Buy		Nemettschek SE	Mildner	47.00	Reduce	5
Baywa	Bruns	33.00	Buy	2/7	Norma Group	Schuldt	54.00	Neutral	
BB Biotech	Berzhanin	73.00	Buy	7	OHB SE	Rüzgar	40.00	Buy	7
Biotest	Berzhanin	24.10	Neutral	2/3	OVH Holding AG	Häßler	20.00	Neutral	2/5/7
BMW	Schuldt	95.00	Buy		Patrizia	Mayer	20.00	Accumulate	
Brenntag	Hinkel	59.80	Buy	2	Pfeiffer Vacuum	Sen	162.00	Buy	5
Ceconomy AG	Bruns	8.00	Neutral		Procredit Holding	Häßler	15.00	Buy	2/3/5
comdirect	Häßler	13.50	Buy		PSI SOFTWARE AG	Mildner	20.00	Buy	2/3
Commerzbank	Häßler	9.20	Neutral		Puma	Josefson	565.00	Buy	
Continental	Schuldt	250.00	Buy		PWO	Schuldt	50.00	Buy	2/3
CORESTATE Capital Holding S.A.	Mayer	72.00	Buy	2/5	Rheinmetall	Rüzgar	103.00	Neutral	
CTS Eventim	Heilmann	37.50	Reduce		RIB Software	Mildner	25.00	Buy	2/3
Daimler AG	Schuldt	71.00	Buy		RTL Group	Josefson	72.00	Accumulate	
Daldrup & Soehne	Becker	13.50	Buy	2/3/5	S&T AG	Sen	27.00	Buy	2/3
Demire	Mayer	4.80	Accumulate	2/5	SAF-Holland	Schuldt	17.00	Neutral	
Deutsche Bank	Häßler	14.00	Buy		Schaeffler	Tanzer	14.30	Buy	
Deutsche EuroShop	Mayer	30.00	Neutral		Schaltbau Holding AG	Becker	32.70	Buy	2/7
Deutsche Pfandbriefbank	Häßler	14.50	Accumulate		SCOUT24	Heilmann	31.00	Reduce	2
Deutsche Telekom	Sen	13.30	Neutral		Siegfried Holding AG	Berzhanin	399.00	Neutral	7
Duerr	Augustin	43.00	Accumulate		Siemens Healthineers AG	Rüzgar	39.00	Neutral	2
DWS	Häßler	34.00	Buy		SLM Solutions	Sen	24.00	Sell	
Ernst & Young	Schuldt	7.00	Sell		SMT Scharf AG	Rüzgar	18.00	Neutral	2/3
elumeo SE	Josefson	10.90	Accumulate		Software AG	Mildner	30.00	Sell	
Epigenomics AG	Berzhanin	3.70	Buy	2/3	Stabilus	Tanzer	91.00	Buy	
Euromicron AG	Becker	11.40	Buy	2/3/5	Suedzucker	Bruns	11.70	Reduce	
Evonik	Hinkel	41.00	Buy		SuessMicroTec	Sen	13.80	Accumulate	2/3
Eyemaxx Real Estate	Mayer	18.00	Buy	2/5/7	Surteco Group	Mildner	26.50	Buy	2/3
Ferratum	Häßler	23.00	Buy		Symrise AG	Hinkel	67.00	Neutral	
Fielmann	Heilmann	55.00	Reduce		Syzygy AG	Heilmann	11.50	Accumulate	2/3
First Sensor AG	Becker	27.40	Buy	7	TAKKT AG	Bruns	18.50	Neutral	2
Freenet	Sen	36.00	Buy	2	Talanx Group	Häßler	39.00	Buy	
Fuchs Petrolub	Hinkel	48.00	Neutral		Technotrans	Becker	43.00	Accumulate	2/3
Gea Group	Augustin	33.00	Neutral		TELECOLUMBUS	Sen	9.70	Buy	
Gerresheimer AG	Rüzgar	69.00	Neutral		Telefonica Deutschland	Sen	3.40	Sell	
Gerry Weber	Josefson	5.75	Reduce		United Internet	Sen	63.00	Buy	
Gesco	Becker	35.60	Buy	2/3	Vapiano	Bruns	26.50	Buy	2/7
GFT Technologies	Mildner	15.50	Buy	2/3	va-Q-tec	Sen	17.00	Neutral	2/3
Gigaset	Sen	0.85	Accumulate	2/3	Viscom	Rüzgar	28.00	Buy	2/3
Grenke	Häßler	90.00	Neutral		Volkswagen	Schuldt	154.00	Neutral	
Hannover Re	Häßler	110.00	Neutral		Wacker Neuson SE	Becker	27.20	Neutral	
Heidelberg Pharma	Berzhanin	3.50	Accumulate	2/3	windeln.de	Josefson	3.10	Buy	2
Heidelberger Druck	Augustin	3.60	Buy		XING SE	Heilmann	305.00	Accumulate	
HELLA GmbH & Co. KGaA	Tanzer	55.00	Accumulate		Zalando	Josefson	44.50	Neutral	
Hornbach Holding	Bruns	89.00	Buy						
Hugo Boss	Josefson	81.00	Buy						
Hypoport AG	Häßler	190.00	Neutral	2/7					
INDUS Holding AG	Becker	64.50	Neutral						
Intershop Communications AG	Mildner	1.85	Accumulate	2/7					
K+S AG	Hinkel	22.00	Neutral						
Koenig & Bauer	Augustin	73.00	Accumulate						
Krones AG	Augustin	123.00	Accumulate						
KWS SAAT	Hinkel	348.00	Buy						
Lanxess	Hinkel	83.00	Buy						
LEG Immobilien AG	Mayer	104.00	Accumulate						
Leoni	Schuldt	57.00	Neutral						
Linde	Hinkel	176.00	Neutral						

* = Coverage suspended

Source: equinet Recommendations

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

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

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

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

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Sources

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-BaFin- (Federal Financial Supervisory Authority)
Graurheindorfer Straße 108, 53117 Bonn and
Marie-Curie-Str. 24-28, 60439 Frankfurt am Main

Recommendation history for FIRST SENSOR AG

Date	Recommendation	Target price	Price at change date
23. Aug 18	Buy	27.40	19.90
26. Jul 18	Buy	27.30	21.60
17. Mai 18	Accumulate	27.00	23.50

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

This chart shows equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Winfried Becker (since 25/04/2018)



ESN Recommendation System

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



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

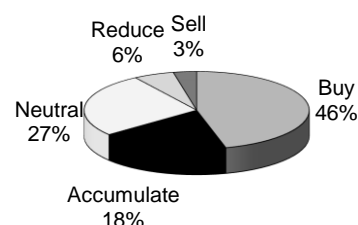
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

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- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
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Equinet Bank Ratings Breakdown



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

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