

Company Flash Note

Reason: Company newsflow

13 November 2018

Buy

Recommendation unchanged

Share price: EUR 18.50

closing price as of 12/11/2018

Target price: EUR 27.50

from Target Price: EUR 27.40

Upside/Downside Potential 48.6%

Reuters/Bloomberg SIGS.DE/SIS GR

Market capitalisation (EURm) 189

Current N° of shares (m) 10

Free float 53%

Daily avg. no. trad. sh. 12 mth 24

Daily avg. trad. vol. 12 mth (m) 240.42

Price high/low 12 months 14.40 / 30.50

Abs Perfs 1/3/12 mths (%) 7.56/-14.75/-2.68

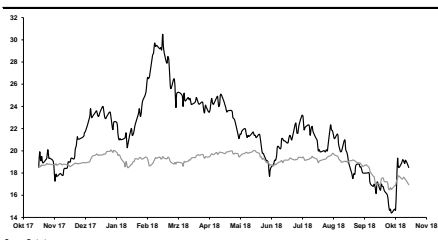
Key financials (EUR)

	12/17	12/18e	12/19e
Sales (m)	148	157	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%	6.9%	7.4%
Net debt/(cash) (m)	23	22	18
Net Debt Equity	0.3	0.3	0.2
Net Debt/EBITDA	1.2	1.0	0.8
Int. cover(EBITDA/Fin.int)	10.6	10.5	10.8
EV/Sales	1.7	1.4	1.2
EV/EBITDA	12.6	9.4	8.9
EV/EBITDA (adj.)	14.2	10.4	9.9
EV/EBIT	23.4	17.2	15.4
P/E (adj.)	nm	27.5	24.7
P/BV	2.8	2.2	2.1
OpFCF yield	1.2%	1.3%	3.2%
Dividend yield	0.9%	1.0%	1.1%
EPS (adj.)	0.40	0.67	0.75
BVPS	7.91	8.42	8.99
DPS	0.16	0.18	0.20

Guidance confirmation as expected

Having seen now the full set of 9M/Q3 results we confirm our view already given after the publication of some preliminary figures (23 Oct 2018), that First Sensor (FIS) remains on track to reach the full-year 2018e guidance. In contrast, some of FIS' peers failed to meet market expectations. By segment, 2018e the Mobility division will come out somewhat lower than expected earlier, but this will be compensated by a better business in the Industrial and Medical segments in our view. End of October the major shareholder DPE (36.02%) made the consideration of a stake sale public, leading to a strong rebound of the shares. After some fine-tuning in our model our new TP amounts to EUR 27.50 (+0.4%) per share and we maintain our Buy recommendation.

- ✓ **Order situation:** Q3 '18 order intake declined by 5.9% yoy to EUR 39.5m. This resulted in a book-to-bill-ratio of 0.97 and the first time since several quarters it was below "1". On a nine months basis the book-to-bill ratio amounted to 1.07 versus 1.12 a year earlier. The order book could keep the high level and reached EUR 100.6m (30 June: EUR 102.9m), which is a good basis in our view to reach our 2018e sales estimate.
- ✓ **EBIT-margin improvement:** The group made further progress with regard to margin improvement. The EBIT-margin in Q3 '18 amounted 11.3% (Q1: 3.1% - negative impact from the introduction of a new ERP-system; Q2: 7.5%). On a 9M basis the EBIT-margin reached 7.5% (6.9%). Reasons for the improvement are in particular a strict cost control, optimized value chains and a successful focus on economies of scale.
- ✓ **Capacity increase at pressure sensors:** End of October FIS announced a capacity increase for pressure sensors ("H-series") at the locations in Berlin and Puchheim near Munich. First contributions were already seen in Q3.
- ✓ **Confirmed guidance FY 2018e:** The group wants to generate sales of EUR 150-160m (equinet: EUR 157m); in order to achieve our estimate, in Q4 the group needs to reach EUR 41.9m. The EBIT-margin should reach a corridor of 7 - 9% (equinet at 7.9%).
- ✓ **DPE considers to sell its stake:** 31 October First Sensor made public, that the major shareholder Deutsche Private Equity is considering to sell its 36.02% holding in First Sensor. This news came out as a surprise. In case the stake will be sold as a whole, it could lead to a complete takeover bid according to the German takeover law ("Pflichtangebot" nach WpÜG) from a potential buyer. FIS management stated to take an active role within this process and will be supported by Goldman Sachs.
- ✓ **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.



Analyst(s)

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Exhibit 1: First Sensor at a glance

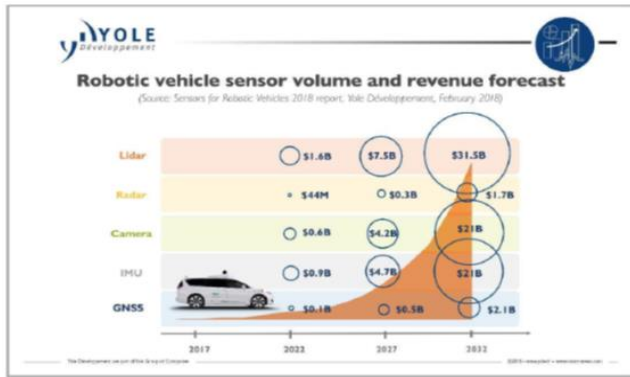
Business Units	Industrial	Medical	Mobility
Products/ applications	A wide range of standardized and customized sensors in such applications as length measurement, radiation and security, Smart Building, industrial process control and aerospace	First Sensor offers solutions measuring pressure, flow, liquid 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	OEMs for medical devices	Automotive OEMs and large suppliers, retrofitters
	A broad customer base of c. 2.000 business clients	Roche, Fresenius, Siemens, Draegerwerke	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	<p>Strategy: Higher profitability</p> <p>(I) Targets and Markets</p> <p>(II) Key Customer & Products</p> <p>(III) Forward integration</p> <p>(IV) Internationalization</p>		
2017	Sales (EURm) 147.5	EBITDA (EURm) 19.6 Margin 13.3%	EBIT adj. (EURm) 10.6 Margin 7.2%
			Sales 5Y hist. CAGR 5.7% Organic growth y/y n.a.
Sales & EBIT Split	<p>Sales split by region</p>		<p>Sales split by division</p>
	<p>Group sales development</p>		
Shareholder structure & management	<p>CEO</p> <p>Dr. Dirk Rothweiler CEO (appointed until end of 2019)</p> <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 	<p>CFO</p> <p>Dr. Mathias Gollwitzer CFO (appointed until 2022)</p> <ul style="list-style-type: none"> • Head of group controlling, EnBW • CFO Mercedes-Benz France SAS • Head of Corporate Controlling, DaimlerChrysler AG 	<p>Shareholder structure</p>
	<p># of employees FY 2017</p> <p>798 (FTE)</p>		

* managed by Teslin Capital Management BV

Source: Company data, equinet Research

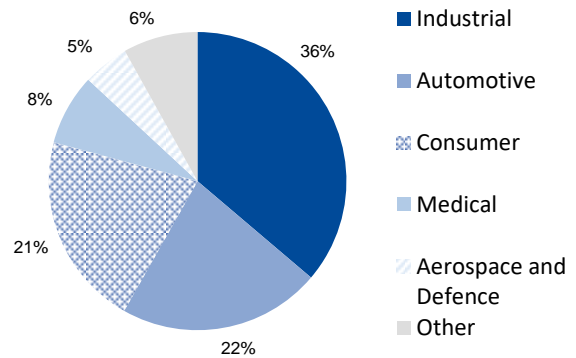
Investment Case in Charts

Exhibit 2: Tremendous growth expected in Automotive



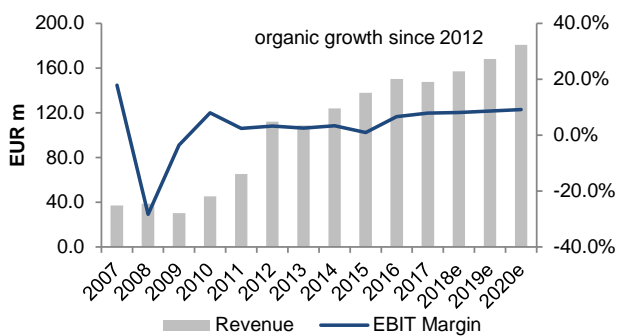
Source: Yole Développement

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



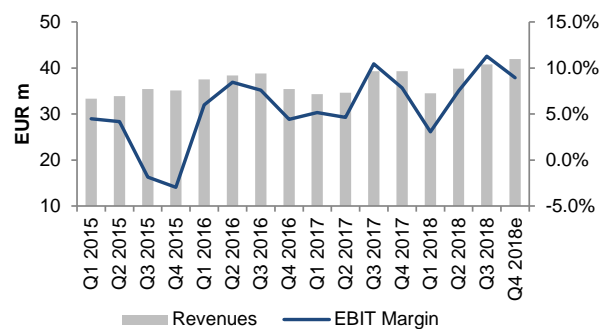
Source: AMR, BCC, R&M, equinet Research

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



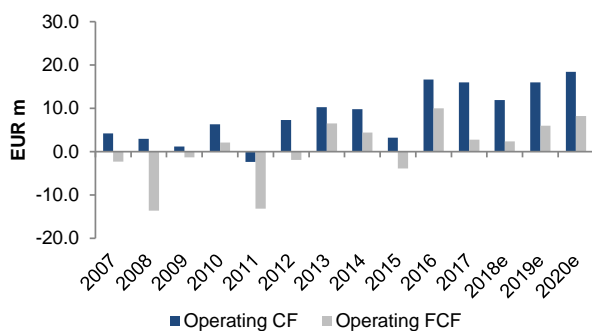
Source: Company data, equinet Research

Exhibit 5: and short-term



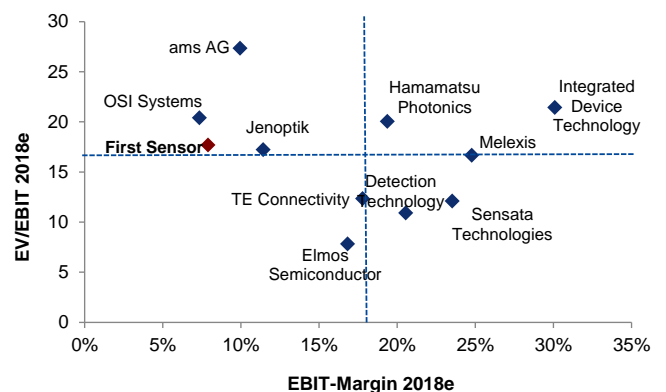
Source: Company data, equinet Research

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.

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.

After a poor share price performance in the course of 2018 the announcement from Deutsche Private Equity end of October to consider a sale of its 36.02% holding immediately lifted the share price to a level of EUR 18-19 per share. That is roughly the average share price of the last three months. Management of First Sensor stated to take an active role and has hired Goldman Sachs to attend this process.

Valuation Update

- Again we confirm our Buy recommendation for FIS
- TP marginally up to EUR 27.50 from EUR 27.40 per share
- Base parameters have not changed: Beta at 1.1; perpetual growth rate at 2.5% and sustainable margin at 9.5%
- Current upside potential for the FIS shares of 49%

Exhibit 8: 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	
<i>growth rate</i>	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	
<i>EBIT margin</i>	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	
<i>Tax rate</i>	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	
<i>% of sales</i>	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	
<i>% of sales</i>	6.1%	6.0%	5.6%	5.6%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	
Change in WC & P	-3.5	-1.5	-0.8	-0.7	0.2	0.2	0.2	0.2	0.2	0.1	
<i>% of sales</i>	2.2%	0.9%	0.4%	0.4%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	
Free Cash Flow	5.9	7.7	9.9	10.9	13.3	14.4	15.3	16.1	16.8	17.4	401.2
<i>growth rate</i>	nm	30.9%	27.7%	10.9%	21.7%	7.9%	6.5%	5.3%	4.3%	3.4%	2.5%
Present Value FCF	5.8	7.2	8.5	8.9	10.1	10.2	10.1	10.0	9.7	9.4	217.4

PV Phase I	40.5	Risk free rate	3.5%	Targ. equity ratio	60%		
PV Phase II	49.4	Premium Equity	5.0%	Beta	1.1		
PV Phase III	217.4	Premium Debt	2.0%	WACC	6.9%		
Enterprise value	307.3	Sensitivity	Growth in phase III				
- Net Debt (Cash)	22.8		1.5%	2.0%	2.5%	3.0%	3.5%
- Pension Provisions	0.3	6.25%	27.5	30.1	33.3	37.6	43.4
- Minorities & Peripherals	1.2	6.59%	25.3	27.5	30.2	33.6	38.2
+ MV of financial assets		WACC 6.94%	23.5	25.3	27.5	30.4	34.0
- Paid-out dividends for last FY	1.6	7.29%	21.8	23.4	25.3	27.6	30.6
+/- Other EV items		7.63%	20.4	21.7	23.3	25.3	27.7
Equity value	281.4						
Number of shares	10.2						
Value per share (€)	27.5						
Current Price (€)	18.5						
Upside	49%						

Source: FactSet (share price as of 12 Nov 2018), equinet Research

Our selected highlights within 9M/Q3 reporting:

- Group sales in Q3 '18 for the first time surpassed the level of EUR 40m and amounted to EUR 40.8m (+3.8% yoy). In the first nine months sales growth amounted to 6.4% yoy. By segment, Mobility in Q3 '18 declined by 14.6% yoy, but this was overcompensated by Medical (+25% yoy) and Industrial (+6.7% yoy).
- Sales by region becoming more international (9M figures): The sales share of Asia increased to 11.9% (9.9%). North America too, could increase the sales share to 11.9% (10.6%).
- 9M EPS amounted to EUR 0.55 (EUR0.28) per share
- Net financial debt increase to EUR 26.9m from EUR 22.8m end of December 2017
- Working Capital in Q3 '18 increased to EUR 44.5m versus EUR 41.1m last year. The increase is related to the higher sales volume and to some strategic buys of inventories in order to secure production capability. Due to the overall strong demand the supply chain is somewhat stressed in our view.

Exhibit 9: First Sensor: Q3 2018 with improved EBIT-margin

EUR m	Q3 2018	Q3 2017	% YoY	equinet	Delta
Order intake	39.5	42.0	0.0%	43.8	-9.8%
Revenues	40.8	39.3	3.8%	40.8	0.0%
<i>of which: Industrial</i>	20.7	19.4	6.7%	21.1	-1.9%
<i>of which: Medical</i>	9.5	7.6	25.0%	8.8	8.0%
<i>of which: Mobility</i>	10.5	12.3	-14.6%	10.9	-3.7%
Book-to-bill ratio group	0.97	1.07		1.07	
EBIT	4.6	4.1	12.0%	4.6	0.0%
EBIT Margin	11.3%	10.4%		11.3%	
Net income	3.4	0.9	277.8%	3.4	0.0%
EPS, EUR	0.33	0.09	266.7%	0.33	0.0%

Source: Company data, equinet Research

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	-137	-147
Non Recurrent Expenses/Income	2.5	3.2	0.2	2.3	2.2	2.2
EBITDA	13.1	11.5	19.4	19.6	22.6	23.3
EBITDA (adj.)*	10.6	8.4	19.3	17.3	20.4	21.1
Depreciation	-6.5	-7.2	-7.1	-6.8	-8.0	-7.6
EBITA	6.6	4.4	12.4	12.8	14.6	15.7
EBITA (adj)*	4.1	1.2	12.2	10.6	12.4	13.5
Amortisations and Write Downs <i>of which PPA amortisation</i>	-2.5	-3.2	-2.4	-2.3	-2.2	-2.2
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	15.3	17.5
Change in Net Working Capital	-1.6	-6.3	0.8	-1.8	-3.5	-1.5
Cash Flow from Operations	9.8	3.2	16.6	16.0	11.9	16.0
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	2.4	6.0
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	0.7	4.1
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	27.1	28.1
Trade receivables	8.6	17.0	18.4	20.8	22.0	22.7
Other current assets	4.8	4.7	3.8	3.4	3.7	3.8
Cash (-)	-14.5	-21.5	-23.8	-25.5	-27.2	-31.6
Total Current Assets	57.8	70.4	71.9	74.3	80.0	86.3
Total Assets	146	155	154	160	165	171
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	7.0	7.1
Total Long Term Liabilities	48.8	57.0	45.6	44.0	43.6	43.0
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	171
Net Capital Employed	115	117	110	113	117	118
Net Working Capital	30.3	36.5	35.7	37.5	41.0	42.5
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%	17.6%	3.6%
<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%	13.0%	12.6%
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	0.3	0.2
Net Debt/EBITDA	2.3	2.9	1.3	1.2	1.0	0.8
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%	26.1%	25.3%
ROE (average)	0.2%	-2.4%	7.8%	5.3%	8.2%	8.6%
ROCE (adj.)	2.4%	0.7%	7.2%	6.0%	6.9%	7.4%
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	1.2
EV/EBITDA	9.8	13.9	8.9	12.6	9.4	8.9
EV/EBITDA (adj.)*	12.1	19.1	9.0	14.2	10.4	9.9
EV/EBITA	19.5	36.8	14.1	19.2	14.6	13.3
EV/EBITA (adj.)*	31.3	133.5	14.2	23.4	17.2	15.4
EV/EBIT	31.3	n.m.	17.4	23.4	17.2	15.4
EV/EBIT (adj.)*	31.3	n.m.	14.2	23.4	17.2	15.4
P/E (adj.)	n.m.	n.m.	25.7	n.m.	27.5	24.7
P/BV	1.4	1.8	1.9	2.8	2.2	2.1
Total Yield Ratio	0.0%	0.0%	0.0%	0.9%	1.0%	1.1%
EV/CE	1.1	1.3	1.5	2.0	1.7	1.6
OpFCF yield	4.5%	-3.1%	6.8%	1.2%	1.3%	3.2%
OpFCF/EV	3.4%	-2.4%	5.8%	1.1%	1.1%	2.9%
Payout ratio	0.0%	0.0%	0.0%	39.6%	26.8%	26.7%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.9%	1.0%	1.1%
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	18.50	18.50
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	189	189
Net Debt	30	33	24	23	22	18
<i>o/w Cash & Marketable Securities (-)</i>	<i>-15</i>	<i>-22</i>	<i>-24</i>	<i>-26</i>	<i>-27</i>	<i>-32</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	213	208

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	150.00	Accumulate	2/3
2GEnergy	Rüzgar	23.50	Accumulate	2/3/5	Manz AG	Rüzgar	37.00	Neutral	2/3
Aareal Bank	Häßler	41.00	Buy		MAXAutomationSE	Becker	6.70	Buy	2/3
adidas	Josefson	228.00	Accumulate		Merck	Berzhanin	112.00	Buy	
Adler Modemaerkte	Josefson	4.15	Buy	7	Merkur Bank	Häßler	10.00	Buy	2/7
ADLER Real Estate	Mayer	20.00	Buy		Metro AG	Bruns	17.00	Buy	
Aixtron	Sen	14.00	Buy	2/3	MLP	Häßler	7.50	Buy	2/3
Allianz	Häßler	220.00	Buy		MTU Aero Engines	Rüzgar	155.00	Reduce	2
Axel Springer	Josefson	67.00	Accumulate		MunichRe	Häßler	210.00	Accumulate	
Bayer	Berzhanin	96.00	Buy		Nemetschek SE	Mildner	47.00	Reduce	5
Baywa	Bruns	32.00	Buy	2/7	Norma Group	Schuldt	51.00	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	Buy	2/5/7
BMW	Schuldt	100.00	Buy		Patrizia	Mayer	20.00	Accumulate	
Brenntag	Hinkel	53.00	Buy	2	Pfeiffer Vacuum	Sen	162.00	Buy	5
Ceconomy AG	Bruns	5.00	Neutral		Procredit Holding	Häßler	15.00	Buy	2/3/5
comdirect	Häßler	13.50	Buy	7	PSI SOFTWARE AG	Mildner	20.60	Buy	2/3
Commerzbank	Häßler	9.20	Neutral		Puma	Josefson	565.00	Buy	
Continental	Schuldt	195.00	Buy		PWO	Schuldt	36.00	Buy	2/3
CORESTATE Capital Holding S.A.	Mayer	66.00	Buy	2/5	Rheinmetall	Rüzgar	80.00	Neutral	
CTS Eventim	Heilmann	40.00	Buy		RIB Software	Mildner	25.00	Buy	2/3
Daimler AG	Schuldt	63.00	Buy		RTL Group	Josefson	72.00	Accumulate	
Daldrup & Soehne	Becker	13.20	Buy	2/3/5	S&T AG	Sen	27.00	Buy	2/3
Demire	Mayer	4.80	Accumulate	2/5	SAF-Holland	Schuldt	13.80	Accumulate	
Deutsche Bank	Häßler	14.00	Buy		Schaeffler	Tanzer	13.00	Buy	
Deutsche EuroShop	Mayer	30.00	Neutral		Schaltbau Holding AG	Becker	32.50	Buy	2/7
Deutsche Pfandbriefbank	Häßler	14.50	Accumulate		SCOUT24	Heilmann	44.00	Neutral	2
Deutsche Telekom	Sen	13.30	Neutral		Siegfried Holding AG	Berzhanin	399.00	Neutral	7
Duerr	Augustin	30.00	Neutral		Siemens Healthineers AG	Rüzgar	39.00	Neutral	2
DWS	Häßler	30.00	Buy		SLM Solutions	Sen	15.00	Sell	
EringKlinger	Schuldt	5.50	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	3.80	Buy	2/3	Stabilus	Tanzer	91.00	Buy	
Euro micron AG	Becker	8.90	Buy	2/3/5	Suedzucker	Bruns	11.70	Reduce	
Evonik	Hinkel	37.00	Buy		SuessMicroTec	Sen	13.80	Accumulate	
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	Neutral		Szygy AG	Heilmann	10.70	Buy	2/3
First Sensor AG	Becker	27.50	Buy	7	TAKKTAG	Bruns	20.00	Buy	2
Freenet	Sen	36.00	Buy	2	Talanx Group	Häßler	37.00	Buy	
Fuchs Petrolub	Hinkel	50.00	Buy		Technotrans	Becker	39.60	Buy	2/3
Gea Group	Augustin	25.00	Neutral		TELECOLUMBUS	Sen	4.80	Buy	
Gerresheimer AG	Rüzgar	69.00	Neutral		Telefonica Deutschland	Sen	3.40	Sell	
Gerry Weber	Josefson	3.80	Reduce		United Internet	Sen	63.00	Buy	
Gesco	Becker	35.60	Buy	2/3	Vapiano	Bruns	20.00	Buy	2/7
GFT Technologies	Mildner	13.40	Buy	2/3	va-Q-tec	Sen	12.00	Buy	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	24.10	Neutral	
Heidelberg Pharma	Berzhanin	3.50	Accumulate	2/3	windeln.de	Josefson	3.10	Buy	2
Heidelberger Druck	Augustin	2.90	Buy		XING SE	Heilmann	305.00	Accumulate	
HELLA GmbH & Co. KGaA	Tanzer	51.00	Accumulate		Zalando	Josefson	44.50	Neutral	
Hornbach Holding	Bruns	89.00	Buy						
Hugo Boss	Josefson	80.00	Buy						
Hypoport AG	Häßler	190.00	Neutral	2/7					
INDUS Holding AG	Becker	55.70	Neutral						
Intershop Communications AG	Mildner	1.85	Buy	2/7					
K+S AG	Hinkel	24.00	Buy						
Koenig & Bauer	Augustin	44.00	Neutral						
Krones AG	Augustin	90.00	Accumulate						
KWS SAAT	Hinkel	353.00	Buy						
Lanxess	Hinkel	83.00	Buy						
LEG Immobilien AG	Mayer	105.00	Neutral						
Leoni	Schuldt	34.00	Accumulate						
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

Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

Basis of Valuation

Equinet Bank uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

Sources

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Marie-Curie-Str. 24-28, 60439 Frankfurt am Main

Recommendation history for FIRST SENSOR AG

Date	Recommendation	Target price	Price at change date
13. Nov 18	Buy	27.50	18.50
23. Aug 18	Buy	27.40	20.10
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)



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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**.



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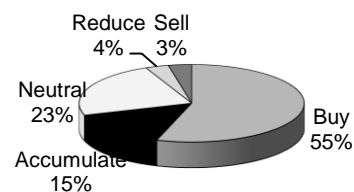
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Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **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
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

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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