CANCOM AG

Germany - IT Services

HAUCK & AUFHÄUSER
INSTITUTIONAL RESEARCH AG

Buy (old: Buy)

Price target: EUR 18.00 (old: EUR 18.50)

Price:	EUR 12.29	**Next result:**	Q3 2012: Nov. '12
Bloomberg:	COK GR	**Market cap:**	EUR 126.1 m
Reuters:	COKG.DE	**Enterprise Value:**	EUR 94.0 m

05-September-12

Tim Wunderlich, CFA
Analyst

tim.wunderlich@ha-research.de
Tel.: +49 40 4143885 81

Cross-read from Computacenter; Adj. Est. & PT

Computacenter showed a sound performance in Germany with sales growth of 7.5% yoy to € 719m in H1 '12. This compares to 6.6% yoy sales growth announced by rival CANCOM and to 14% reported by peer Bechtle. **Main growth driver was Computacenter's service business** which rose by 16% yoy to € 240m, delivered largely from major long-term service contracts won in H2 '11. Meanwhile, product sales rose by merely 3.7% yoy to € 479m in H1 '12 **as the Euro crisis fed through to Germany lowering customer's appetite for investments**. This was felt immediately given the extremely short lead times of product sales. The negative macro impact is also reflected in **Computacenter's slowing growth in Q2 versus Q1**: Sales growth in Germany yet amounted to some 14% yoy in Q1, indicating that Q2 revenue growth was roughly flat yoy. Again, product sales are to blame which must have declined significantly in Q2 as growth in Q1 yet amounted to 20% yoy.

Next to Apple's delayed MacBook Pro launch, which shifted € 3-4m of sales from Q2 into Q3, a softer macro climate should have also spoiled CANCOM's Q2 sales performance, in our view, which showed sales of € 127m for yoy flat growth. However, **the negative macro impact should be temporary and CANCOM is set to return to sound growth rates of 5%+ yoy in Q3 and Q4**, in our view, which was underpinned by a recent discussion with management.

Also, **the underlying growth prospects for CANCOM remain sound** as (1) It is tightly focussed on Germany (c. 90% of sales); (2) Has promising prospects in Cloud Computing with its proprietary AHP platform which makes the implementation of a Cloud project faster and cheaper and (3) Has the opportunity for ample market share gains in a fragmented industry where CANCOM as the third largest System House holds merely a 2% share currently.

Still, **top-line estimates are trimmed in light of the weaker market environment**. Reduced bottom-line expectations reflect lower top-line growth but also higher assumptions for PPA amortisation, negative income from discontinued operations and a higher tax rate (negative tax one-off).

Valuation remains very attractive, trading on only 3.3x EV/EBIT 2013E and the recent share price decline offers an excellent entry opportunity: **BUY with a new PT of € 18.00** (old: € 18.50) based on DCF.

Y/E 31.12 (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
Sales	342.8	348.3	474.6	544.4	573.0	603.0	632.0
Sales growth	14 %	2 %	36 %	15 %	5 %	5 %	5 %
EBITDA	7.8	9.5	19.0	25.0	29.2	32.2	35.5
EBIT	5.6	7.1	15.2	18.5	22.9	25.2	27.8
Net income	2.7	5.1	7.8	11.5	14.9	17.0	19.1
Net debt	3.9	-3.5	-0.9	-18.5	-32.2	-43.3	-55.8
Net gearing	9.9 %	-8.0 %	-1.8 %	-30.4 %	-44.3 %	-50.0 %	-54.9 %
Net Debt/EBITDA	0.5	0.0	0.0	0.0	0.0	0.0	0.0
EPS fully diluted	0.26	0.49	0.76	1.11	1.43	1.64	1.84
CPS	1.05	0.80	1.28	2.18	2.10	1.80	2.04
DPS	0.00	0.15	0.15	0.30	0.30	0.40	0.40
Dividend yield	0.0 %	1.2 %	1.2 %	2.4 %	2.4 %	3.3 %	3.3 %
Gross profit margin	29.9 %	31.0 %	29.3 %	29.1 %	29.7 %	29.9 %	30.0 %
EBITDA margin	2.3 %	2.7 %	4.0 %	4.6 %	5.1 %	5.3 %	5.6 %
EBIT margin	1.6 %	2.0 %	3.2 %	3.4 %	4.0 %	4.2 %	4.4 %
ROCE	8.9 %	10.5 %	19.5 %	20.6 %	23.9 %	25.0 %	24.7 %
EV/sales	0.4	0.4	0.3	0.2	0.2	0.1	0.1
EV/EBITDA	16.9	13.0	6.6	4.3	3.2	2.6	2.0
EV/EBIT	23.4	17.4	8.3	5.8	4.1	3.3	2.5
PER	40.3	25.5	13.3	10.8	9.0	7.5	6.7
Adjusted FCF yield	3.4 %	4.9 %	9.3 %	14.7 %	18.7 %	24.3 %	32.4 %

Source: Company data, Hauck & Aufhäuser Close price as of: 04.09.2012

Source: Company data, Hauck & Aufhäuser

High/low 52 weeks:	15.13 / 7.15
Price/Book Ratio:	1.8

Relative performance (TecDAX):

3 months	-6.5 %
6 months	27.3 %
12 months	45.7 %

Changes in estimates

		Sales	EBIT	EPS
2012	old:	594.0	24.3	1.55
	Δ	-3.5%	-6.0%	-7.5%
2013	old:	624.4	26.6	1.76
	Δ	-3.4%	-5.3%	-7.0%
2014	old:	654.4	28.8	1.92
	Δ	-3.4%	-3.5%	-4.3%

Key share data:

Number of shares: (in m pcs)	10.4
Authorised capital: (in € m)	4.0
Book value per share: (in €)	7.0
Ø trading volume: (12 months)	60,000

Major shareholders:

Free Float	82.7 %
JP Morgan	5.3 %
AGI	5.0 %
Stefan Kober	2.5 %
Raymond Kober	2.5 %
Klaus Weinmann	2.0 %

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

Financials

Profit and loss (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
Net sales	**342.8**	**348.3**	**474.6**	**544.4**	**573.0**	**603.0**	**632.0**
Sales growth	*14.2 %*	*1.6 %*	*36.2 %*	*14.7 %*	*5.3 %*	*5.2 %*	*4.8 %*
Increase/decrease in finished goods and work-in-process	0.3	1.0	1.3	0.9	0.8	1.0	1.0
Total sales	**343.1**	**349.3**	**475.8**	**545.3**	**573.8**	**604.0**	**633.0**
Other operating income	0.3	2.3	3.3	0.7	0.5	0.4	0.5
Material expenses	240.7	241.1	336.3	386.6	403.3	423.5	443.3
Personnel expenses	71.0	79.2	97.0	108.0	114.8	120.2	125.4
Other operating expenses	24.0	21.8	26.8	26.4	27.0	28.5	29.3
Total operating expenses	335.3	339.8	456.8	520.3	544.7	571.8	597.5
EBITDA	**7.8**	**9.5**	**19.0**	**25.0**	**29.2**	**32.2**	**35.5**
Depreciation	2.2	2.4	3.8	2.8	3.4	3.8	4.3
EBITA	**5.6**	**7.1**	**15.2**	**22.2**	**25.8**	**28.4**	**31.2**
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	3.7	2.9	3.2	3.4
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**5.6**	**7.1**	**15.2**	**18.5**	**22.9**	**25.2**	**27.8**
Interest income	0.3	0.2	0.1	0.3	0.4	0.5	0.5
Interest expenses	1.4	1.3	1.9	2.2	2.3	1.5	1.1
Other financial result	-0.1	0.0	0.0	0.4	0.4	0.4	0.4
Financial result	-1.2	-1.1	-1.8	-1.6	-1.5	-0.6	-0.2
Recurring pretax income from continuing operations	**4.4**	**5.9**	**13.3**	**16.9**	**21.3**	**24.6**	**27.6**
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	**4.4**	**5.9**	**13.3**	**16.9**	**21.3**	**24.6**	**27.6**
Taxes	1.3	0.9	3.7	4.9	7.0	7.4	8.3
Net income from continuing operations	**3.2**	**5.0**	**9.6**	**12.0**	**14.3**	**17.2**	**19.3**
Result from discontinued operations (net of tax)	0.5	-0.1	1.7	0.3	-0.7	0.0	0.0
Net income	**2.7**	**5.1**	**7.9**	**11.7**	**15.0**	**17.2**	**19.3**
Minority interest	0.0	0.0	0.1	0.2	0.1	0.2	0.2
Net income (net of minority interest)	**2.7**	**5.1**	**7.8**	**11.5**	**14.9**	**17.0**	**19.1**
Average number of shares	10.4	10.4	10.3	10.4	10.4	10.4	10.4
EPS reported	**0.26**	**0.49**	**0.76**	**1.11**	**1.43**	**1.64**	**1.84**

Profit and loss (common size)	2008	2009	2010	2011	2012E	2013E	2014E
Net sales	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Increase/decrease in finished goods and work-in-process	0.1 %	0.3 %	0.3 %	0.2 %	0.1 %	0.2 %	0.2 %
Total sales	**100.1 %**	**100.3 %**	**100.3 %**	**100.2 %**	**100.1 %**	**100.2 %**	**100.2 %**
Other operating income	0.1 %	0.6 %	0.7 %	0.1 %	0.1 %	0.1 %	0.1 %
Material expenses	70.2 %	69.2 %	70.9 %	71.0 %	70.4 %	70.2 %	70.1 %
Personnel expenses	20.7 %	22.7 %	20.4 %	19.8 %	20.0 %	19.9 %	19.8 %
Other operating expenses	7.0 %	6.3 %	5.7 %	4.8 %	4.7 %	4.7 %	4.6 %
Total operating expenses	97.8 %	97.6 %	96.3 %	95.6 %	95.1 %	94.8 %	94.5 %
EBITDA	**2.3 %**	**2.7 %**	**4.0 %**	**4.6 %**	**5.1 %**	**5.3 %**	**5.6 %**
Depreciation	0.6 %	0.7 %	0.8 %	0.5 %	0.6 %	0.6 %	0.7 %
EBITA	**1.6 %**	**2.0 %**	**3.2 %**	**4.1 %**	**4.5 %**	**4.7 %**	**4.9 %**
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.0 %	0.0 %	0.7 %	0.5 %	0.5 %	0.5 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	**1.6 %**	**2.0 %**	**3.2 %**	**3.4 %**	**4.0 %**	**4.2 %**	**4.4 %**
Interest income	0.1 %	0.0 %	0.0 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.2 %	0.2 %
Other financial result	0.0 %	0.0 %	0.0 %	0.1 %	0.1 %	0.1 %	0.1 %
Financial result	-0.4 %	-0.3 %	-0.4 %	-0.3 %	-0.3 %	-0.1 %	0.0 %
Recurring pretax income from continuing operations	**1.3 %**	**1.7 %**	**2.8 %**	**3.1 %**	**3.7 %**	**4.1 %**	**4.4 %**
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	**1.3 %**	**1.7 %**	**2.8 %**	**3.1 %**	**3.7 %**	**4.1 %**	**4.4 %**
Tax rate	28.3 %	15.6 %	28.1 %	28.8 %	33.0 %	30.0 %	30.0 %
Net income from continuing operations	**0.9 %**	**1.4 %**	**2.0 %**	**2.2 %**	**2.5 %**	**2.9 %**	**3.1 %**
Income from discontinued operations (net of tax)	0.1 %	0.0 %	0.4 %	0.1 %	-0.1 %	0.0 %	0.0 %
Net income	**0.8 %**	**1.5 %**	**1.7 %**	**2.1 %**	**2.6 %**	**2.9 %**	**3.1 %**
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income (net of minority interest)	**0.8 %**	**1.5 %**	**1.6 %**	**2.1 %**	**2.6 %**	**2.8 %**	**3.0 %**

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
Intangible assets	**28.3**	**31.5**	**42.5**	**39.6**	**39.5**	**39.3**	**38.9**
Property, plant and equipment	5.4	6.5	9.7	12.9	16.6	19.4	22.1
Financial assets	3.5	0.2	3.2	2.2	2.2	2.2	2.2
FIXED ASSETS	**37.3**	**38.2**	**55.4**	**54.6**	**58.2**	**60.8**	**63.1**
Inventories	10.1	12.6	13.4	15.0	15.3	16.1	16.9
Accounts receivable	44.2	47.2	68.0	72.2	73.8	77.6	81.4
Other current assets	6.3	5.1	6.4	7.2	7.2	7.2	7.2
Liquid assets	18.3	25.8	31.5	44.4	48.8	53.3	65.8
Deferred taxes	2.5	2.6	0.7	0.6	0.6	0.6	0.6
Deferred charges and prepaid expenses	2.1	3.4	2.0	0.9	0.9	0.9	0.9
CURRENT ASSETS	83.4	96.7	122.0	140.2	146.5	155.8	172.7
TOTAL ASSETS	**120.7**	**134.9**	**177.4**	**194.9**	**204.8**	**216.6**	**235.9**
SHAREHOLDERS EQUITY	38.9	43.9	50.9	60.7	72.6	86.6	101.6
MINORITY INTEREST	0.0	0.0	0.1	0.2	0.3	0.5	0.7
Long-term debt	20.3	21.6	29.0	16.7	11.6	5.6	5.6
Provisions for pensions and similar obligations	0.2	0.0	0.1	0.1	0.1	0.1	0.1
Other provisions	3.2	4.3	3.2	7.6	7.6	7.6	7.6
Non-current liabilities	**23.6**	**26.0**	**32.2**	**24.4**	**19.2**	**13.2**	**13.2**
short-term liabilities to banks	1.8	0.7	1.6	9.1	5.0	4.5	4.5
Accounts payable	39.3	47.9	64.4	72.9	80.1	84.3	88.3
Advance payments received on orders	2.0	1.1	1.5	1.9	1.9	1.9	1.9
Other liabilities (incl. from lease and rental contracts)	12.6	10.7	16.3	17.4	17.4	17.4	17.4
Deferred taxes	1.3	2.0	4.3	2.7	2.7	2.7	2.7
Deferred income	1.2	2.7	6.0	5.6	5.6	5.6	5.6
Current liabilities	**58.1**	**65.0**	**94.2**	**109.6**	**112.6**	**116.3**	**120.4**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**120.7**	**134.9**	**177.4**	**194.9**	**204.8**	**216.6**	**235.9**

Balance sheet (common size)	2008	2009	2010	2011	2012E	2013E	2014E
Intangible assets	**23.5 %**	**23.4 %**	**24.0 %**	**20.3 %**	**19.3 %**	**18.1 %**	**16.5 %**
Property, plant and equipment	4.5 %	4.8 %	5.5 %	6.6 %	8.1 %	9.0 %	9.4 %
Financial assets	2.9 %	0.1 %	1.8 %	1.1 %	1.0 %	1.0 %	0.9 %
FIXED ASSETS	**30.9 %**	**28.3 %**	**31.2 %**	**28.0 %**	**28.4 %**	**28.1 %**	**26.8 %**
Inventories	8.4 %	9.3 %	7.5 %	7.7 %	7.5 %	7.4 %	7.1 %
Accounts receivable	36.6 %	35.0 %	38.3 %	37.1 %	36.0 %	35.8 %	34.5 %
Other current assets	5.2 %	3.8 %	3.6 %	3.7 %	3.5 %	3.3 %	3.0 %
Liquid assets	15.1 %	19.2 %	17.7 %	22.8 %	23.8 %	24.6 %	27.9 %
Deferred taxes	2.1 %	1.9 %	0.4 %	0.3 %	0.3 %	0.3 %	0.3 %
Deferred charges and prepaid expenses	1.7 %	2.5 %	1.1 %	0.4 %	0.4 %	0.4 %	0.4 %
CURRENT ASSETS	69.1 %	71.7 %	68.8 %	72.0 %	71.6 %	71.9 %	73.2 %
TOTAL ASSETS	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
SHAREHOLDERS EQUITY	32.3 %	32.5 %	28.7 %	31.2 %	35.5 %	40.0 %	43.1 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.1 %	0.1 %	0.2 %	0.3 %
Long-term debt	16.9 %	16.0 %	16.3 %	8.6 %	5.6 %	2.6 %	2.4 %
Provisions for pensions and similar obligations	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	2.6 %	3.2 %	1.8 %	3.9 %	3.7 %	3.5 %	3.2 %
Non-current liabilities	**19.6 %**	**19.3 %**	**18.2 %**	**12.5 %**	**9.4 %**	**6.1 %**	**5.6 %**
short-term liabilities to banks	1.5 %	0.5 %	0.9 %	4.7 %	2.4 %	2.1 %	1.9 %
Accounts payable	32.5 %	35.5 %	36.3 %	37.4 %	39.1 %	38.9 %	37.4 %
Advance payments received on orders	1.6 %	0.8 %	0.9 %	1.0 %	0.9 %	0.9 %	0.8 %
Other liabilities (incl. from lease and rental contracts)	10.4 %	7.9 %	9.2 %	9.0 %	8.5 %	8.1 %	7.4 %
Deferred taxes	1.1 %	1.5 %	2.4 %	1.4 %	1.3 %	1.2 %	1.1 %
Deferred income	1.0 %	2.0 %	3.4 %	2.9 %	2.7 %	2.6 %	2.4 %
Current liabilities	**48.2 %**	**48.2 %**	**53.1 %**	**56.2 %**	**55.0 %**	**53.7 %**	**51.0 %**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
Net profit/loss	2.7	5.1	7.9	11.7	15.0	17.2	19.3
Depreciation of fixed assets (incl. leases)	2.2	2.4	3.8	2.8	3.4	3.8	4.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	3.7	2.9	3.2	3.4
Others	-10.8	-0.6	3.0	4.7	0.0	0.0	0.0
Cash flow from operations before changes in w/c	-6.0	6.9	14.7	22.9	21.3	24.2	27.0
Increase/decrease in inventory	0.9	-0.9	0.3	-6.3	-0.3	-0.8	-0.8
Increase/decrease in accounts receivable	4.4	0.8	-15.2	-5.2	-1.6	-3.9	-3.7
Increase/decrease in accounts payable	4.3	2.7	17.1	15.3	7.2	4.2	4.1
Increase/decrease in other working capital positions	9.5	1.1	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	19.0	3.8	2.2	3.8	5.3	-0.5	-0.5
Cash flow from operating activities	**13.1**	**10.7**	**16.9**	**26.7**	**26.6**	**23.7**	**26.6**
CAPEX	3.0	4.7	8.1	9.4	9.9	9.6	10.0
Payments for acquisitions	6.6	0.4	10.5	3.6	0.0	0.0	0.0
Financial investments	-0.3	-0.2	-0.1	-0.3	0.0	0.0	0.0
Income from asset disposals	8.1	2.3	1.1	4.8	0.0	0.0	0.0
Cash flow from investing activities	**-1.2**	**-2.6**	**-17.3**	**-7.9**	**-9.9**	**-9.6**	**-10.0**
Cash flow before financing	11.9	8.0	-0.4	18.8	16.7	14.1	16.6
Increase/decrease in debt position	-3.5	0.1	8.1	-2.6	-9.3	-6.5	0.0
Purchase of own shares	0.0	0.2	-0.6	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	1.5	1.6	3.1	3.1	4.1
Others	-1.0	-1.0	-1.3	-1.6	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.3	0.0	0.1	0.0	0.0	0.0	0.0
Cash flow from financing activities	**-4.5**	**-1.1**	**5.9**	**-5.8**	**-12.4**	**-9.6**	**-4.1**
Increase/decrease in liquid assets	7.1	7.0	5.6	13.0	4.3	4.6	12.5
Liquid assets at end of period	**18.9**	**25.8**	**31.5**	**44.5**	**48.8**	**53.3**	**65.8**

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
Domestic	322.2	386.1	441.7	502.0	530.0	559.0	587.8
yoy change	n/a	19.8 %	14.4 %	13.7 %	5.6 %	5.5 %	5.1 %
Rest of Europe	0.0	36.4	32.9	42.4	43.0	44.0	44.2
yoy change	n/a	n/a	-9.6 %	28.9 %	1.4 %	2.4 %	0.5 %
NAFTA	0.0	0.0	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia Pacific	0.0	0.0	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	0.0	0.0	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TTL	**322.2**	**422.5**	**474.6**	**544.4**	**573.0**	**603.0**	**632.0**
yoy change	n/a	31.1 %	12.3 %	14.7 %	5.3 %	5.2 %	4.8 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
P&L growth analysis							
Sales growth	14.2 %	1.6 %	36.2 %	14.7 %	5.3 %	5.2 %	4.8 %
EBITDA growth	-2.7 %	21.3 %	100.7 %	31.6 %	16.6 %	10.5 %	10.2 %
EBIT growth	-8.8 %	26.0 %	114.0 %	21.7 %	23.8 %	10.3 %	10.3 %
EPS growth	-42.4 %	87.8 %	55.5 %	46.4 %	29.1 %	14.5 %	12.4 %
Efficiency							
Total operating costs / sales	97.8 %	97.6 %	96.3 %	95.6 %	95.1 %	94.8 %	94.5 %
Sales per employee	215.9	196.0	257.7	273.1	270.7	272.5	565.5
EBITDA per employee	4.9	5.3	10.3	12.5	13.8	14.6	31.8
Balance sheet analysis							
Avg. working capital / sales	4.8 %	3.4 %	2.8 %	2.6 %	1.7 %	1.2 %	1.2 %
Inventory turnover (sales/inventory)	34.0	27.7	35.5	36.3	37.5	37.5	37.5
Trade debtors in days of sales	47.0	49.5	52.3	48.4	47.0	47.0	47.0
A/P turnover [(A/P*365)/sales]	41.8	50.1	49.6	48.9	51.0	51.0	51.0
Cash conversion cycle (days)	2.8	-3.9	-3.1	-6.3	-11.6	-11.8	-11.8
Cash flow analysis							
Free cash flow	10.1	6.0	8.8	17.3	16.7	14.1	16.6
Free cash flow/sales	2.9 %	1.7 %	1.9 %	3.2 %	2.9 %	2.3 %	2.6 %
FCF / net profit	374.5 %	118.4 %	113.1 %	150.3 %	112.2 %	83.1 %	86.7 %
FCF yield	7.9 %	4.7 %	7.0 %	13.7 %	13.2 %	11.2 %	13.2 %
Capex / depn	122.1 %	188.4 %	206.6 %	139.0 %	157.2 %	137.1 %	129.9 %
Capex / maintenance capex	114.9 %	137.6 %	133.1 %	151.6 %	142.0 %	124.5 %	125.0 %
Capex / sales	0.8 %	1.3 %	1.7 %	1.7 %	n/a	n/a	n/a
Security							
Net debt	3.9	-3.5	-0.9	-18.5	-32.2	-43.3	-55.8
Net Debt/EBITDA	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	0.1	-0.1	0.0	-0.3	-0.4	-0.5	-0.5
Interest cover	4.0	5.4	8.0	8.3	9.8	17.2	25.1
Dividend payout ratio	0.0 %	30.7 %	19.7 %	26.7 %	20.7 %	24.1 %	21.5 %
Asset utilisation							
Capital employed turnover	5.3	4.9	5.6	5.8	5.9	5.8	5.3
Operating assets turnover	18.6	20.1	18.9	21.5	24.1	22.3	21.0
Plant turnover	63.5	53.4	49.0	42.2	34.5	31.1	28.6
Inventory turnover (sales/inventory)	34.0	27.7	35.5	36.3	37.5	37.5	37.5
Returns							
ROCE	8.9 %	10.5 %	19.5 %	20.6 %	23.9 %	25.0 %	24.7 %
ROE	6.9 %	11.5 %	15.4 %	19.0 %	20.5 %	19.7 %	18.8 %
Other							
Interest paid / avg. debt	7.0 %	5.9 %	7.2 %	7.9 %	11.0 %	11.0 %	11.0 %
No. employees (average)	1588	1777	1842	1994	2117	2213	1118
Number of shares	10.4	10.4	10.3	10.4	10.4	10.4	10.4
DPS	0.0	0.2	0.2	0.3	0.3	0.4	0.4
EPS reported	0.26	0.49	0.76	1.11	1.43	1.64	1.84
Valuation ratios							
P/BV	3.3	2.9	2.5	2.1	1.8	1.5	1.3
EV/sales	0.4	0.4	0.3	0.2	0.2	0.1	0.1
EV/EBITDA	16.9	13.0	6.6	4.3	3.2	2.6	2.0
EV/EBITA	23.4	17.4	8.3	4.9	3.6	2.9	2.3
EV/EBIT	23.4	17.4	8.3	5.8	4.1	3.3	2.5
EV/FCF	13.0	20.6	14.2	6.2	5.6	5.9	4.2
Dividend yield	0.0 %	1.2 %	1.2 %	2.4 %	2.4 %	3.3 %	3.3 %

Source: Company data, Hauck & Aufhäuser

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Company	Disclosure
CANCOM AG	2, 5

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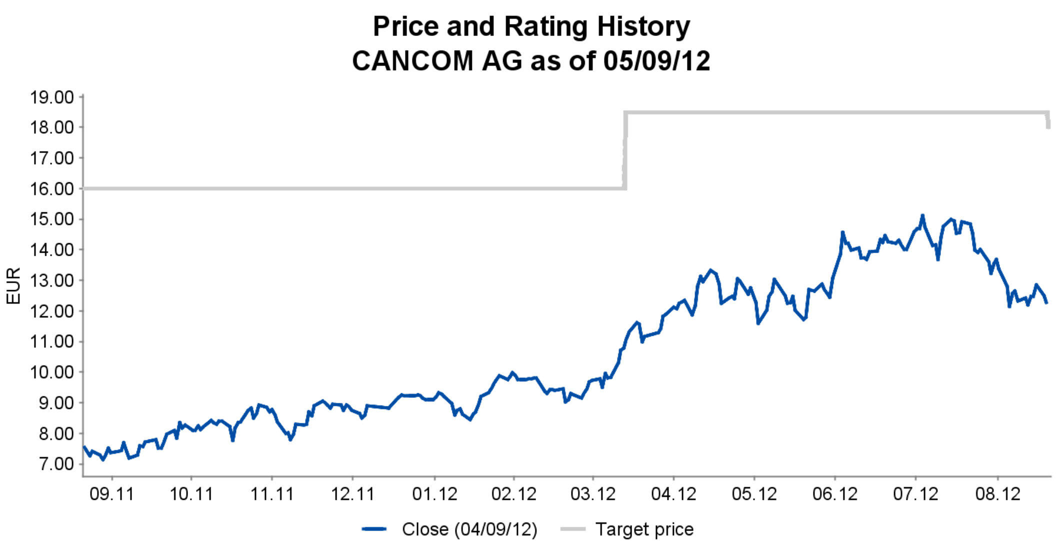
Historical target price and rating changes for CANCOM AG in the last 12 months



Initiation coverage
06-July-10

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Hold	12.79 %	0.00 %

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Buy: Sustainable upside potential of more than 10% within 12 months.

Sell: Sustainable downside potential of more than 10% within 12 months.

Hold: Upside/downside potential limited. No immediate catalyst visible.

Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin – (Federal Financial Supervisory Authority), Graurheindorfer Straße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt am Main, Germany

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Contacts: Hauck&Aufhäuser Investment Banking

Hauck & Aufhäuser Research

Hauck & Aufhäuser
Institutional Research AG
Mittelweg 16/17

20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 - 70
Fax: +49 (0) 40 414 3885 - 71
Email: info@ha-research.de
www.ha-research.de

Leonhard Bayer
Analyst

Tel.: +49 (0)40 414 3885 - 79
E-Mail: leonhard.bayer@ha-research.de

Sascha Berresch, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 85
E-Mail: sascha.berresch@ha-research.de

Henning Breiter
Analyst

Tel.: +49 (0)40 414 3885 - 73
E-Mail: henning.breiter@ha-research.de

Nils-Peter Fitzl
Analyst

Tel.: +49 (0)40 414 3885 - 86
E-Mail: nils-peter.fitzl@ha-research.de

Philippe Lorrain
Analyst

Tel.: +49 (0)40 414 3885 - 83
E-Mail: philippe.lorrain@ha-research.de

Christian Schwenkenbecher
Analyst

Tel.: +49 (0)40 414 3885 - 76
E-Mail: christian.schwenkenbecher@ha-research.de

Torben Teichler
Analyst

Tel.: +49 (0)40 414 3885 - 74
E-Mail: torben.teichler@ha-research.de

Thomas Wissler
Analyst

Tel.: +49 (0)40 414 3885 - 80
E-Mail: thomas.wissler@ha-research.de

Tim Wunderlich, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 81
E-Mail: tim.wunderlich@ha-research.de

Hauck & Aufhäuser Sales

Vincent Bischoff
Sales

Tel.: +49 (0)40 414 3885 - 88
E-Mail: vincent.bischoff@ha-research.de

Hamish Edsell
Sales

Tel.: +44 207 763 7180
E-Mail: hamish.edsell@ha-research.de

Hugues Madelin
Sales

Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-research.de

Markus Weiss
Sales

Tel.: +49 (0)40 414 3885 - 89
E-Mail: markus.weiss@ha-research.de

Toby Woods
Sales

Tel.: +44 207 763 7179
E-Mail: toby.woods@ha-research.de

Supervisory Board

Graeme Davies
Chairman

Tel.: +49 (0)40 414 3885 - 72
E-Mail: graeme.davies@ha-research.de

Michael Schramm

Tel.: +49 (0)69 2161 - 1240
E-Mail: michael.schramm@hauck-aufhaeuser.de

Jochen Lucht

Tel.: +49 (0)69 2161 - 1260
E-Mail: jochen.lucht@hauck-aufhaeuser.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers KGaA
Kaiserstraße 24

60311 Frankfurt am Main
Germany

Tel.: +49 (0) 69 2161- 0
Fax: +49 (0) 69 2161- 1340
Email: info@hauck-aufhaeuser.de
www.hauck-aufhaeuser.de

Mirko Brueggemann
Trading

Tel.: +49 (0)69 2161 - 1525
E.Mail: mirko.brueggemann@hauck-aufhaeuser.de

Sebastian Schuett
Trading

Tel.: +49 (0)69 2161 – 1556
E.Mail: sebastian.schuett@hauck-aufhaeuser.de

Thomas Seibert
Trading

Tel.: +49 (0)69 2161 - 1555
E.Mail: thomas.seibert@hauck-aufhaeuser.de