

Recommendation:  
**BUY** (BUY)

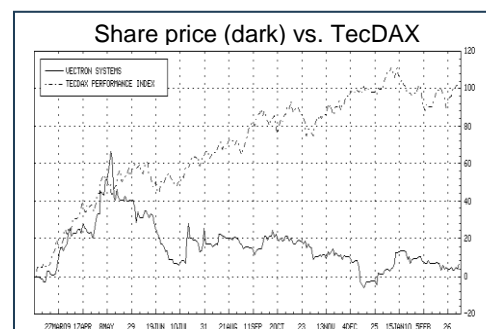
Risk:  
**HIGH** (HIGH)

Price Target:  
**EUR 20.71** (20.71)

09 March 2010

## FY2009 results in line with expectations

- FY2009 results** - Vectron Systems AG posted today its key financial results for FY2009 which were in line with our expectations. Sales in FY2009 came in at EUR 20.5m (our forecast: EUR 20.2m) corresponding to a yoy decline of more than 13%. Despite a growth in its domestic market Germany, sales in company's international markets such as France, Spain or UK were substantially below the previous year level. Thus sales in 4Q2009 experienced a sequential drop of almost 6% to EUR 4.9m. Gross margin achieved 61% and was quite stable despite challenging market conditions.
- Slight surprise in EBITDA** - In the bottom line the company hit our expectation with net income of EUR 0.1m (our estimates: EUR 0.1m). Despite capacity expansions (ramp-up in sales and R&D resources) EBITDA outstripped our expectation by almost EUR 0.5m and achieved EUR 2.2m at the end of FY2009. However given the declining sales EBITDA was substantially below previous year level of EUR 5.2m. Cash and cash equivalents amounted to EUR 6.0m for the reporting period.
- Visibility in end-market still low** - Going forward into upcoming fiscal years we are convinced that Vectron will benefit from its counter cyclical investment strategy as the company has added resources to upgrade its entire product portfolio of stationary POS systems (new version available at the end of FY2010E). However, from short term perspective the recessive market conditions in company's relevant end markets such as bakery and catering will remain challenging. Thus visibility regarding investment prosperity in company end-markets continues to remain low despite increasing signs of economic recovery over the last months.
- Unchanged PT and estimates** - We will update our modeling on Vectron once final results for FY2009 are fully available. At this stage we stick to our estimates and continue to rate the stock with BUY with an unchanged price target of EUR 20.71 per share. Vectron shares have underperformed the market over the last 12 months and are currently trading at a 12.9x of its 2010 P/E multiple. Thus we see considerable upside potential once recovery in company's end-markets start to evolve.



Change	2009P		2010E		2011E	
	new	old	new	old	new	old
Sales	20.5	-	-	23.2	-	25.8
EBITDA	2.2	-	-	3.2	-	3.2
EPS	-	-	-	0.89	-	1.30

Sources: CBS Research AG, Bloomberg

Internet: [www.vectron.de](http://www.vectron.de) Sector: Technology  
WKN: A0KEXC ISIN: DE000 A0KEXC7  
Reuters: V3SG.DE Bloomberg: V3S GY

### Share data:

Share price (EUR, last closing price):	<b>11.45</b>
Shares outstanding (in thousands):	1,500
Market capitalisation (EURm):	17.2
Enterprise value (EURm):	19.1
Ø daily trading volume (6 m., no. of shares):	1,821

### Performance data:

High 52 weeks (EUR):	19.80
Low 52 weeks (EUR):	9.80
Absolute performance: (12 months)	-1.3%
Relative performance (vs. TecDAX):	
1 month	-6.7%
3 months	-5.9%
12 months	-39.2%

### Shareholders:

Jens Reckendorf	32.9%
Thomas Stümmeler	32.9%
Jochen Fischer	6.0%
Free float	28.2%

### Financial calendar:

FY 2009 results March 2010

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### Key data

Y/E 31.12., EUR m	2007	2008	2009P	2010E	2011E
Sales revenues	25.4	23.6	20.5	23.2	25.8
EBITDA	6.9	5.2	2.2	3.2	4.3
EBIT	5.6	3.8	-	1.9	3.0
Net result	3.0	2.6	0.1	1.3	1.9
EPS	6.01	1.71	-	0.89	1.30
DPS	1.60	1.40	-	0.71	1.04
Gross margin	61.7%	64.2%	61.0%	62.0%	61.0%
EBIT margin	26.7%	15.0%	-	9.3%	12.9%
EV/EBITDA	2.8	3.7	8.7	5.9	4.4
EV/EBIT	3.4	5.0	-	10.1	6.4
P/E	1.9	6.7	-	12.9	8.8

Source: CBS Research AG, Vectron AG

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Close Brothers Seydler Research AG uses a 3-level absolute share rating system. The ratings pertain to a time horizon of up to 6 months:

BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price Target
09 March 2010	BUY (Update)	EUR 11.45	EUR 20.71
21 October 2009	BUY (Update)	EUR 13.05	EUR 20.71
03 August 2009	BUY (Update)	EUR 13.90	EUR 20.71
04 May 2009	BUY (Update)	EUR 15.83	EUR 20.71

14 April 2009	BUY (Initial Coverage)	EUR 14.60	EUR 20.71
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Risk-scaling System:

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LOW: The volatility is expected to be lower than the volatility of the benchmark

MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

HIGH: The volatility is expected to be higher than the volatility of the benchmark

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The figures taken from the income statement, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks.

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