


**Buy**

Recommendation unchanged

**Share price: EUR 1.50**

closing price as of 13/07/2010

**Target price: EUR 2.40**

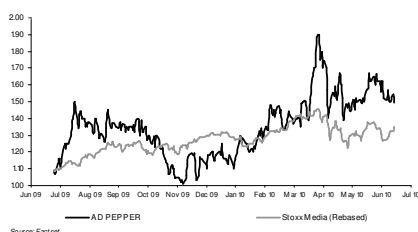
Target Price unchanged

Reuters/Bloomberg

APME.F/APM GY

<b>Market capitalisation (EURm)</b>	32
Current N° of shares (m)	21
<b>Free float</b>	37%
Daily avg. no. trad. sh. 12 mth	49,030
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	1.90
Price low 12 mth (EUR)	1.01
Abs. perf. 1 mth	-0.33%
Abs. perf. 3 mth	5.21%
Abs. perf. 12 mth	33.48%

Key financials (EUR)	12/09	12/10e	12/11e
Sales (m)	47	51	55
EBITDA (m)	(6)	2	4
EBITDA margin	nm	3.9%	7.7%
EBIT (m)	(32)	1	3
EBIT margin	nm	2.5%	6.3%
Net Profit (adj.)(m)	(14)	2	3
ROCE	nm	118.6%	191.2%
Net debt/(cash) (m)	(23)	(25)	(29)
Net Debt/Equity	-1.1	-1.0	-1.0
Debt/EBITDA	3.8	-12.7	-6.9
Int. cover(EBITDA/Fin. int)	4.5	(1.4)	(2.7)
EV/Sales	0.0	0.2	0.2
EV/EBITDA	nm	5.9	2.3
EV/EBITDA (adj.)	nm	5.9	2.3
EV/EBIT	nm	9.2	2.8
P/E (adj.)	nm	14.2	9.4
P/BV	1.2	1.4	1.2
OpFCF yield	-19.1%	7.0%	9.9%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(0.63)	0.11	0.16
BVPS	0.99	1.09	1.25
DPS	0.00	0.00	0.00



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**Solid 2Q10**

**The facts:** Earlier than expected, APM published preliminary 2Q10 figures. According to yesterday's release, **sales came in at EUR 24.9m, exceeding our expectation by c. EUR 0.4m.**

The majority of the deviation is explainable through the **better performance of the ad pepper media segment** which achieved revenues of EUR 7.7m in 2Q10 and thus, EUR 1.1m more than in 1Q10. Webgains and ad agents came in basically in line (sales of EUR 3.8m and EUR 1.5m, respectively).

The gross profit margin was strong at 46.8% in 2Q10, exceeding the 1Q10 level by c. 270bp. Slightly higher than expected operating costs led however to an **EBITDA which was 'just in line' with our forecast (EUR 0.49m)**. The corresponding EBITDA margin was thus at 3.8% vs. our estimate of 4.0%.

**The net result was better than expected which must have been attributable to a positive tax line.** The bottom line was said to be EUR 1.05m which compares to our forecast of EUR 0.76m.

**2Q10 review**

in EUR m	2Q10a	2Q10e	deviation	2Q09	yoy
Sales	12.9	12.4	4%	11.5	12.4%
EBITDA	0.5	0.5	0%	-1.1	n.a.
EBITDA margin	3.8%	4.0%	-20bp	-9.7%	+1,350bp
Net result	0.7	0.4	70%	-1.1	n.a.

Source: company data, equinet estimates

**APM has lifted the outlook. The company expects an EBITDA of EUR 1.5m at least. Previously, the management guided for EBITDA break-even in FY10.**

**Our analysis:** A solid set of results which confirms that **APM continues on the route to positive earnings**. The top line developed favourably, partly thanks to improving business in the US. We have applied minor changes to our estimates as can be seen in the table below. The EBITDA'10 reduction is more related to a change in different cost items than a result of the margins which were a bit lower than expected in 2Q10. Our general view has not changed and overall adjustments to our projections do not lead to a different fair value (EUR 2.4). We also believe that the new guidance for EBITDA'10 of EUR 1.5m is probably conservative (equinet: EUR 2m).

**Model changes**

in EUR m	FY10 old	FY10 new	change	FY11 old	FY11 new	change	FY12 old	FY12 new	change
Sales	49.9	50.6	1%	54.4	55.0	1%	58.8	59.1	1%
EBITDA	2.2	2.0	-10%	4.2	4.2	0%	5.8	5.9	2%
EBITDA margin	4.4%	3.9%	-50bp	7.7%	7.7%	-	9.9%	10.0%	+10bp
EBIT	1.5	1.3	-13%	3.6	3.5	-3%	5.3	5.2	-2%
EPS [EUR]	0.12	0.11	-8%	0.17	0.16	-6%	0.20	0.20	0%

Source: equinet estimates

**Conclusion & Action:** We stick to our 'Buy' rating after the release of the 2Q10 figures. Our PT remains unchanged at EUR 2.4, offering 60% upside. This is underpinned by cash per share in excess of EUR 1 and a P/E'12 of c.7.5x.