Ad pepper

Germany/ Media

Company report

Investment Research

Reason: Fundamental Report

13 January 2014

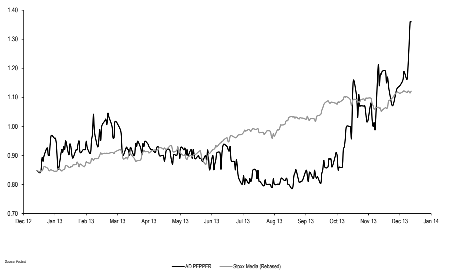
Buy

Recommendation unchanged

Share price: EUR	**1.36**
closing price as of 10/01/2014	
Target price: EUR	**1.85**
from Target Price: EUR	**1.50**

Reuters/Bloomberg	APME.F/APM GY
Daily avg. no. trad. sh. 12 mth	7,304
Daily avg. trad. vol. 12 mth (m)	9.65
Price high 12 mth (EUR)	1.36
Price low 12 mth (EUR)	0.79
Abs. perf. 1 mth	19.3%
Abs. perf. 3 mth	65.7%
Abs. perf. 12 mth	69.4%
Market capitalisation (EURm)	29
Current N° of shares (m)	21
Free float	46%

Key financials (EUR)	12/12	12/13e	12/14e
Sales (m)	55	50	49
EBITDA (m)	(4)	6	(0)
EBITDA margin	*nm*	*12.4%*	*nm*
EBIT (m)	(5)	6	(1)
EBIT margin	*nm*	*11.8%*	*nm*
Net Profit (adj.)(m)	(5)	6	(0)
ROCE	-624.7%	712.3%	-10.1%
Net debt/(cash) (m)	(16)	(22)	(22)
Net Debt Equity	*-0.9*	*-0.9*	*-0.9*
Net Debt/EBITDA	3.8	-3.6	83.0
Int. cover(EBITDA/Fin.int)	4.2	(23.1)	0.9
EV/Sales	nm	nm	0.1
EV/EBITDA	0.5	nm	nm
EV/EBITDA (adj.)	0.5	nm	nm
EV/EBIT	0.5	nm	nm
P/E (adj.)	nm	3.8	nm
P/BV	1.0	1.0	1.2
OpFCF yield	*-14.0%*	*25.9%*	*-2.1%*
Dividend yield	*0.0%*	*0.0%*	*0.0%*
EPS (adj.)	(0.25)	0.30	(0.02)
BVPS	0.86	1.15	1.13
DPS	0.00	0.00	0.00



Shareholders: EMA B.V. 41%; Own Shares 8%; Axxion S.A. 5%;

For company description please see summary table footnote

Dominating non-core activities to drive profitable growth

We lower our underlying estimates to account for the recent asset disposals and the rather subdued sales development in the core segment. However, the disposals resulted in a cash inflow of c. EUR 0.33 per share, while having a negligible effect on operating earnings. We therefore raise our TP to EUR 1.85, based on the DCF valuation and stick to Buy. Going forward the weaknesses in the ad pepper media division should be compensated by profitable growth in the two other segments. This is supported by a strong online ad market, which we expect to remain in an above-proportionate growth state in the years to come.

- ✓ **Well diversified online ad specialist...:** APM is an online advertising company with a broad product portfolio and particular focus on performance marketing. The group's core activities are further complemented by its two subsidiaries Webgains and ad agents, which cover the growing market segments of affiliate marketing and search engine marketing and optimisation.

- ✓ **…is benefitting from two major acquisitions:** The two strongly growing divisions Webgains and ad agents which had been acquired in FY06 and '07 already accounted for around 60% of sales in 2012 and compensated for a weakness in the core segment ad pepper media. While ad agents has been constantly profitable, we expect break-even at Webgains in FY13e. Going forward this should ensure profitable growth, while the relevance of the core division will be further diminishing.

- ✓ **…and just completed two successful disposals:** In Q4 2013 APM announced that it has sold its subsidiaries Emediate and Crystal Semantic in order to focus on its core field of performance marketing. While the missing earnings from Emediate will be fully offset by R&D savings from Crystal Semantic, the two deals result in an immediate cash inflow of c. EUR 7m (EUR 0.33 per share).

- ✓ **With solid market perspectives…:** Driven by the increasing internet traffic, online advertising expenditures in Europe grew at a CAGR '07-12 of 22%. Whereas the internet penetration is forecast to further increase, there is an ongoing shift of television content into the web. Considering the fact TV still accounts for lion's share of ad spending, we see strong support for the growth of online ad spending to remain at least in the high single-digits.

- ✓ **…and a strong balance sheet…:** As of FY13e APM has c. EUR 1.05 (around EUR 22m) liquidity per share. The company has no financial debt and an Equity ratio of 66%. The book value per share amounts to EUR 1.17 (as of FY13e).

- ✓ **…APM is on track for break-even in FY15…:** Driven by a growing contribution of the non-core divisions we expect APM to grow sales at a CAGR '12-17e of 2% (3.7% adjusted for the sales of the subsidiaries). Due to the profitable growth of Webgains and ad agents, and supported by further measures in the core division, we forecast APM to reach a positive EBIT in FY15.

- ✓ **…and remains attractively valued:** While the downside in the shares should to a certain extent be limited due to a P/BV of 1.1x and the net cash level of EUR 1.05 per share, our DCF model points at a fair value of EUR 1.85 per share. As the peer group does not yield meaningful results, we base raise our TP to EUR 1.85, solely based on the DCF valuation and maintain our 'Buy' recommendation.

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Investment Case

We have adjusted our underlying estimates for FY13 and onwards, to account for the disposals and a sharper than expected deceleration in sales at the core division. However, going forward APM should benefit from the increasing contribution of its none-core activities. We forecast a sales CAGR '12-17e of 2%, while the EBIT should turn positive in 2015. We stick to Buy and raise our DCF-based TP to EUR 1.85

Profile: APM is an online advertising company with a broad product portfolio and particular focus on proprietary semantic advertising technologies and a significant affiliate marketing business. The company acts as mediator between publishers on the one side and advertisers on the other with a performance-based model.

Market: Driven by the increasing internet penetration online advertising expenditures in Europe grew at a CAGR '07-12 of 22%. As a result, the internet has surpassed the newspaper as 2nd most relevant ad medium in 2010. Since the internet traffic is forecast to further increase, we expect growth of online ad spending to remain in the high single digits.

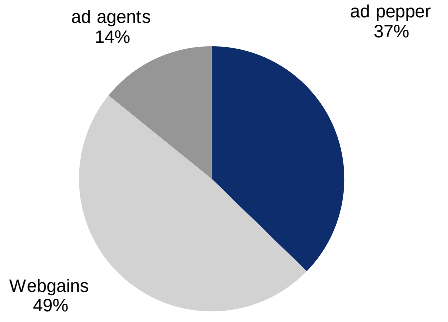
Triggers & Drivers: In this attractive market, APM will benefit from the two strongly growing divisions Webgains and ad agents. Following a revenue share of 30% in 2008 the two divisions already accounted for 63% of sales in 9M13. Going forward they should ensure profitable growth, while the relevance of the struggling core division should further diminish.

Financials: We expect APM to grow its revenues at a CAGR '12-17e of 2% mainly driven by an increasing contribution of the Webgains and ad agents divisions. As a result of the anticipated growth of the non-core activities, but also supported by ongoing measures in the ad pepper media division, we anticipate the company to reach a positive EBIT by 2015.

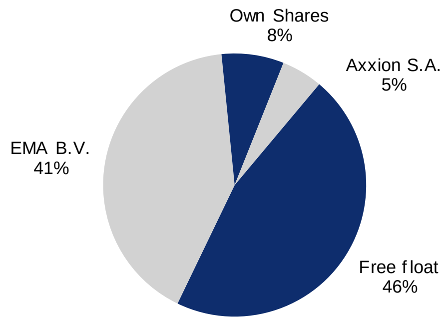
Valuation: We base our TP of EUR 1.85 on our DCF model as the peer group does not lead to meaningful results. The strong net cash level 2013e of EUR 1.05 per share, and the P/BV 13e of 1.1x, support this valuation and should, to some extent, limit the downside.

At a Glance

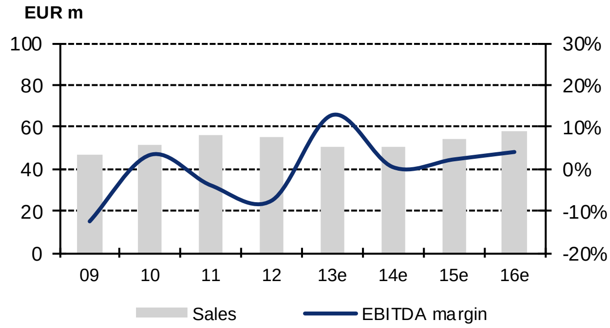
Revenue Split 9M 2013



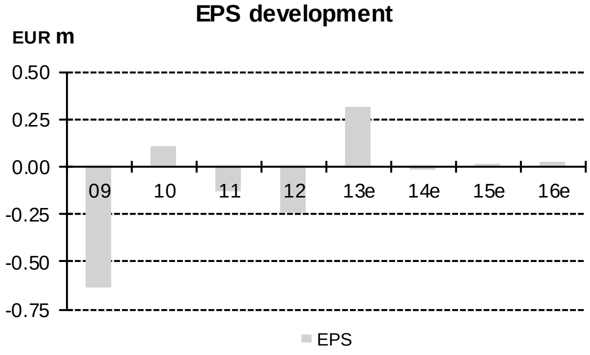
Shareholder Structure



Sales & EBITDA margin



EPS development



Sources: Company data, equinet Research

Valuation

We have based our price target determination solely on our DCF calculation. This is due to the fact that the peer group comparison does not lead to meaningful results, as 1/APM's 2013 earnings are substantially inflated by one-off items, 2/the company's expected net profit is negative in 2014 and '15, and 3/ the extraordinary high net cash level results in misleading fair value implication based on EV multiples. We therefore derive our target price of EUR 1.85 from our DCF model.

Peer group analysis

- **Composition of the peer group:** There is a multitude of national and international competitors in the online advertising market. Although they vary in size and pursued business model, the best comparable peers in our view are:
  - **Hi-Media** offers website publishing, online advertising and e-payment solutions.
  - **Tradedoubler** operates a performance-based ad network and affiliate network.
  - **Tomorrow Focus** offers e-commerce, advertising and technology services, including content creation in some cases.
  - **ValueClick** operates in online advertising (display adverting, lead generation, email marketing), affiliate marketing, comparison shopping, and technology.
- **Comparability:** In our view, Hi-Media and Tomorrow Focus offer somewhat lower comparability because they are not only active in the advertising business, but also in the content/publishing business. We consider Tradedoubler and ValueClick as better comparable peers based on their business models.
- **Earnings multiples:** As P/E'13-15 ratios and EV/EBITDA'13-15 multiples do not lead to meaningful results due to several reasons. Firstly ad pepper 2013 earnings are inflated on the back of a substantial one-off profit. Secondly, expected net profit is negative for both 2014 and 2015. Thirdly, the combination of the EV implied by the peer group mean and APM's strong net cash level, which is further inflated by the one-offs, would result in a negative equity values implication for APM.
- **EV/Sales:** Instead of earnings multiples, we could opt to rely on EV/Sales. We assess this ratio however as relatively weak as far as explanatory power is concerned. As also comparability of peer companies with APM is limited and as all those companies are profitable, we do not use EV/Sales to determine a fair value.
- **P/B:** The explanatory power of the price-to-book ratio is again somewhat limited, as all peers are profitable. Nevertheless this ratio gives a broad indication about justifiable valuation levels once ad pepper returns to profitability.

ad pepper: Peer group comparison

COMPANY	P/E 2013	P/E 2014	P/E 2015	EV/Sales 2013	EV/Sales 2014	EV/Sales 2015	EV/EBITDA 2013	EV/EBITDA 2014	EV/EBITDA 2015	P/B 2013	P/B 2014	P/B 2015
HI-MEDIA	22.5	15.3	15.6	0.6	0.6	0.6	8.8	7.0	7.1	0.7	0.7	0.7
TOMORROW FOCUS AG	22.3	14.6	12.3	1.5	1.2	1.1	9.6	7.5	6.2	1.8	1.7	1.5
TRADEDOUBLER AB	17.2	16.4	13.7	0.3	0.3	0.3	7.6	7.0	5.3	1.6	1.5	1.4
VALUECLICK INC:	15.2	12.4	11.6	2.8	2.3	1.9	7.3	6.0	5.0	3.3	2.3	1.7
MEDIAN	22.3	15.3	13.7	0.6	0.6	0.6	8.8	7.0	6.2	1.6	1.5	1.4
AD PEPPER	3.8	neg.	neg.	neg.	0.1	0.1	neg.	neg.	8.6	1.0	1.2	1.2
THEOR. VALUATION OF APM	7.9	neg.	neg.	0.4	0.3	0.4	1.5	neg.	neg	2.1	2.0	1.9

Sources: FactSet estimates, equinet estimates

DCF valuation

- **Sales development:** We expect an 8.6% decline in sales in FY 2013e. This mainly stemming from the declining ad pepper media operations and the change in billing at ad agents, but also due to the disposal Emediate, which will have a pronounced effect in 2014. However, driven by the increasing contribution of ad agents and Webgains we forecast a sales CAGR '12-17e of 2%. As markets mature, growth should fade to 4% in Phase II, while we have applied a long-term assumption of 2.0%.
- **Profitability:** For FY13e we forecast an EBIT of EUR 5.9, resulting from the two disposals, while the 2014 EBIT should return in the negative terrain. On the back of profitable growth of ad agents and Webgains, but also supported by further OPEX improvements in the core segment, we anticipate a positive EBIT in FY 2015. For FY17e we expect an EBIT margin of 4.7%, which compares to a long-term EBIT margin assumption of 5%.
- **CAPEX:** Due to the capital intensity of ad pepper's business model we forecast CAPEX of around 1% of sales in phase I and II. Our long-term assumption is at 0.6% of sales.
- **WACC:** We derive a WACC of 9.3% based on a risk-free rate of 4.5%, a risk premium of 4.0%, a target equity ratio of c. 100% and a beta of 1.20.
- **Fair value:** Based on our assumptions described above, the DCF model leads to a fair value of EUR 1.85.

Discounted Cash Flow model

	Phase I					Phase II					Phase III
EUR m	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales	50.3	49.1	52.8	56.2	59.1	61.5	64.0	66.5	69.2	72.0	73.4
Sales growth	-8.6%	-2.3%	7.3%	6.6%	5.2%	4.0%	4.0%	4.0%	4.0%	4.0%	2.0%
EBIT	5.9	-0.5	0.6	1.7	2.8	3.1	3.2	3.4	3.5	3.6	3.7
EBIT margin	11.8%	-1.1%	1.1%	3.1%	4.7%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Tax	0.3	0.2	(0.5)	(1.0)	(1.5)	(1.6)	(1.6)	(1.6)	(1.5)	(1.5)	(1.4)
Tax rate	-5.0%	80.0%	50.0%	47.5%	45.0%	45.0%	42.5%	40.0%	37.5%	35.0%	32.5%
NOPAT	6.3	(0.4)	0.1	0.7	1.3	1.5	1.6	1.8	2.0	2.2	2.3
Depreciation	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5
in % of Sales	0.6%	0.6%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Capex	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.5)
in % of Sales	1.0%	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.6%
Provision delta	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
in % of Sales	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%
NWC delta	0.1	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
in % of Sales	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other current assets delt	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
in % of Sales	0.1%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Cash Flow	6.3	-0.5	-0.1	0.5	1.1	1.3	1.5	1.6	1.8	2.0	2.3
FCF growth	nm	nm	nm	nm	119.4%	23.5%	12.4%	11.3%	10.6%	10.1%	15.2%
Present Value FCF	6.3	-0.5	-0.1	0.4	0.7	0.8	0.9	0.9	0.9	0.9	14.3

PV Phase I	6.8	MCap	19.1	Targ. equity ratio	90.5%
PV Phase II	4.4	Risk premium	3.97%	Beta	1.20
PV Phase III	14.3	Risk free rate	4.50%	WACC	9.3%

Total present value	25.5
+ capital increase/share buy back	0.0
+ associates / other fin. assets	6.1
- market value of minorities	8.2
+ cash and liquid assets	15.9
- interest bearing debt*	0.0
Implied Mcap	39.4
Number of shares	21.2
Implied value per share	1.85

Sensitivity Analysis		Growth rate Phase III				
		1.0%	1.5%	2.0%	2.5%	3.0%
	8.34%	1.91	1.97	2.03	2.10	2.19
	8.80%	1.84	1.88	1.93	1.99	2.06
WACC	9.26%	1.77	1.81	**1.85**	1.90	1.96
	9.73%	1.71	1.74	1.78	1.82	1.87
	10.19%	1.66	1.69	1.72	1.76	1.80

* Including pension provisions

Source: equinet

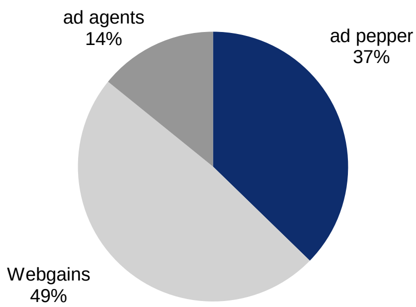
Company Profile & Market Environment

APM is active in performance-based advertising. Here, for example, website operators are paid per click for online ads or for website impressions, but also for so-called 'generated leads'. APM runs a successful affiliate network platform and uses a semantic technology for website analysis. The online ad market is strongly growing as a result of the sharply increasing internet penetration. At the same time it is characterised by a high degree of competition and a large number of smaller players.

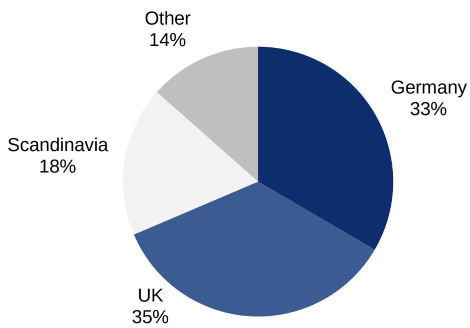
Company overview

- **Company history:** APM was founded in 1999 and went public a year later. In 2006, the group acquired the UK based affiliate network Webgains. The ad agents segment was acquired in 2007. In 2011 the company launched its real-time bidding platform adExplorer. In Q4 2013 the ad pepper group disposed its ad server subsidiary Emediate, as well as its sematic targeting entity Crystal Semantic.
- **Business model:** APM offers various forms of performance-based online advertising. As such, it is an intermediary between advertisers and publishers. Revenues are usually generated on a cost-per-impression, cost-per-click or cost-per-sale basis. APM has three business segments: Ad Pepper Media, Webgains, and ad agents.
- **ad pepper media (37% of sales)** is an ad network which brings advertisers and publishers together. iSense display allows ads to be targeted to selected contexts whereas SiteScreen allows avoiding of inappropriate and undesired advertising (both technologies are used under a license agreement). iLead is a product for the generation of sales contacts (leads) and the so-called 'Mailpepper' offers e-mail marketing.
- **Webgains (49% of sales)** is an affiliate network which provides a platform where affiliates allow ads on their websites and receive a percentage of sales generated in this way. Webgains gets a commission from these sales.
- **ad agents (14% of sales)** is the smallest, but strongest growing segment of APM. It specializes in search engine marketing (SEM), search engine optimization (SEO) and performance marketing. ad agents helps customers that run websites or internet shops to be found easily through search engines. APM holds a 60% stake in ad agents.
- **Regional sales:** APM is active in eight European countries and the US. With 37% of sales, Germany is the main market, followed by the UK with 32%. Other important markets are Scandinavia (15% of sales) and the Netherlands (3% of sales).

Revenue Split 9M 2013



Geographical sales Split 9M 2013

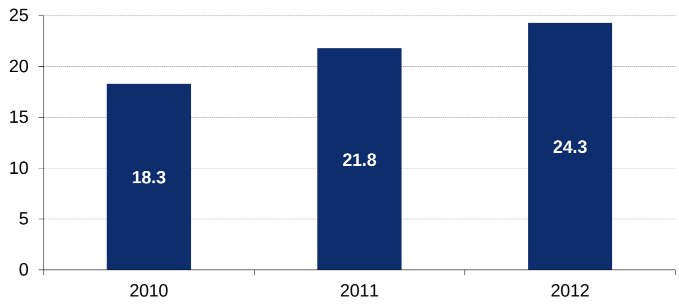


Sources: Company data, equinet

Market environment

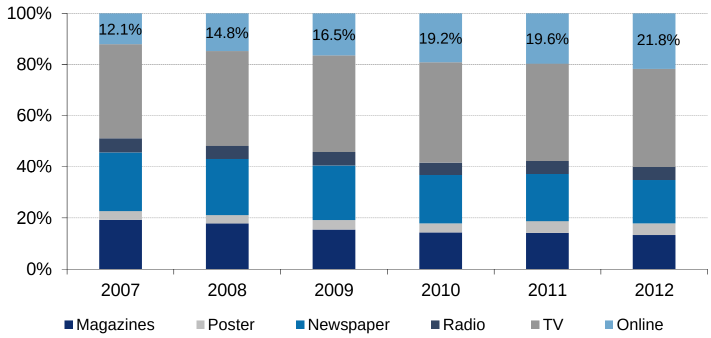
- **Relevant markets:** From a broad perspective, APM's relevant markets are the West and Northern European markets with a special focus on Germany and global markets for online advertising. Following the close down of the US operations in 2012, the US market, together with the remaining regions can be neglected. In the following, we would like to focus on the growing internet penetration that drives online ad spending.
- **Growing internet usage:** The number of internet users is constantly increasing. According to IAB Mediascope Europe 2012, 427m Europeans were online and spent on average 14.8 hours per week in the internet. The online penetration rate increased by 19pp in just two years. Data on the German market confirms this trend. Here the penetration rate of people aged 14+ grew from 50.5% in 2007 to 73.3% in 2012.
- **Increasing online ad spending:** As a result of the increasing internet traffic, online advertising became the fastest growing marketing medium. Following the strong growth rates of 40% and 20% in 2007 and 2008, growth of the online ad spending in Europe decelerated to some 5% in 2009. In 2010 it recovered and has remained in the double digits since then. In total the CAGR 2007-'12 amounted to some strong 21.9%.

Europe - Online ad spendings (EUR bn)



Source: IAB, equinet

Germany - ad expenditures by medium



Source: OVK, equinet

- **Growing share of online advertising spending:** The strong growth rate of online advertisement spending clearly outpaced those of the other media. In Germany the online spending volume surpassed the one for newspaper advertisement already in 2010 and has since than remained the second most relevant medium after the TV, while its market share keeps constantly growing. In total, the spending on online advertising in Germany amounted to EUR 6.5bn in 2012.
- **Online ad expenditures by type:** In a breakdown by types, classical online ads accounted for 58% in Germany, followed by Search Engine Marketing (SEM) with 35% and Affiliate Networks with 6%. Growth of Affiliate Marketing spending is at 9% (CAGR2010-13e), while those of the two other types, is at c. 10%. However, it's worth mentioning that due the sharply rising popularity of Google, growth of SEM should have clearly outpaced those of the other types in the past. This is reflected in US market data. Compared to a share of 46% in 2012, SEM only accounted for 4% in 2001.
- **Competitive landscape:** The online advertising market can be characterised as highly competitive. In the sector of affiliate marketing, which has become ad pepper's most important segment, zanox and affilinet are considered the key players in Europe, followed by Tradedoubler and APM's Webgains. Even in the more narrow semantic advertising market, there is multitude of companies competing for market shares. Here two important players are ad pepper and the US-based Peer 39.

Financials

We expect APM to grow its revenues by 1.5% on average in the period 2013-17e. This forecast is however to high extend distorted, as it includes the disposal of Emediate and the shift towards direct billing at ad agents. As a result of an growing contribution of Webgains and ad agents, but also due to ongoing measures in the core segment, we anticipate ad pepper to reach a positive EBIT by 2015.

Revenue development by segments

- **ad pepper media:** Sales in the core segment declined in the recent past. Here the weak display and lead businesses could not be offset by solid performances of the sub labels Globase and Emediate. For FY12, one also has to take into account that three locations were closed. While 4Q12 and 1Q13 benefited from a lead contract, which expired in April, the discontinuation of the Dutch operations further weighed on Q2 and Q3 sales. We have additionally excluded Emediate from our model, as it has been sold (for more detail please refer to page 16). In 2012 it had a sales contribution of EUR 4.4m. We further expect ongoing negative trends in the lead and display business. However, as a result of the healthier base, following the closures, but also due to an increasing contribution of Globase, we anticipate flat sales by 2017.
- **Webgains:** Over the past webgains constantly reported double-digit sales growth. Last year it was able to gain Nike as a key customer, which is the main reason for the expected growth acceleration in the current FY. Additionally, with its Q2 figures ad pepper reported that it has gained another international market leader as customer. Further supported by a strong expectation for the market development, we forecast webgains to show above proportionate growth going forward.
- **ad agents:** ad agents has shown strong growth of 26% and 52% in 2010 and 2011, respectively. While the segments performance was again strong in FY 2012 the sharp deceleration of reported growth in this year is simply the result of a shift from indirect to direct billing (of customers with Google). While the shift reduces segment sales it improves gross margin, with a net effect for gross profit. From 1Q14 on, when the shift will be completed, we forecast growth to return to above proportionate levels. While our expected growth rate of 20% for FY 2014, might look optimistic on the first sight, one has to keep in mind that underlying growth was at rates of more than 60% in both 1Q and 2Q12, when this change was not yet effective.
- **Group Outlook:** We forecast FY13 sales to decline by 8.6% and expect 1.5% average growth over our detailed planning phase (FY13-17e), largely supported by Webgains and ad agents as outlined above. We believe that this is in line with the management expectation although APM has not given a sales guidance for this year.

Sales development by segments

EUR m	2010	2011	2012	Q1	Q2	Q3	Q4	2013e	2014e	2015e	2016e	2017e	CAGR*
ad pepper media	**28.6**	**25.6**	**21.7**	**5.1**	**4.6**	**3.9**	**3.6**	**17.2**	**11.4**	**10.7**	**10.5**	**10.5**	**-13.6%**
in % of total	*55.3%*	*45.7%*	*39.4%*	*39.4%*	*37.9%*	*34.2%*	*26.1%*	*34.2%*	*23.2%*	*20.3%*	*18.6%*	*17.7%*	
Growth	*-0.7%*	*-10.5%*	*-15.2%*	*7.2%*	*-12.9%*	*-24.8%*	*-44.3%*	*-20.7%*	*-33.7%*	*-6.0%*	*-2.5%*	*0.0%*	
Webgains	**16.3**	**20.2**	**22.5**	**6.3**	**5.9**	**5.5**	**8.2**	**25.9**	**29.1**	**32.1**	**34.9**	**37.1**	**10.5%**
in % of total	*31.5%*	*36.0%*	*40.9%*	*48.4%*	*48.5%*	*48.9%*	*59.2%*	*51.5%*	*59.2%*	*60.8%*	*62.1%*	*62.7%*	
Growth	*28.2%*	*23.8%*	*11.4%*	*19.5%*	*13.9%*	*4.8%*	*20.7%*	*15.1%*	*12.4%*	*10.3%*	*8.7%*	*6.3%*	
ad agents	**6.8**	**10.3**	**10.8**	**1.6**	**1.7**	**1.9**	**2.0**	**7.2**	**8.6**	**9.9**	**10.9**	**11.6**	**1.3%**
in % of total	*13.1%*	*18.3%*	*19.7%*	*12.2%*	*13.6%*	*17.0%*	*14.7%*	*14.3%*	*17.6%*	*18.8%*	*19.3%*	*19.6%*	
Growth	*25.6%*	*51.5%*	*5.7%*	*-51.5%*	*-42.4%*	*-17.5%*	*-14.1%*	*-33.6%*	*20.0%*	*15.0%*	*9.5%*	*6.5%*	
Total Sales	**51.7**	**56.0**	**55.0**	**13.0**	**12.1**	**11.3**	**13.9**	**50.3**	**49.1**	**52.8**	**56.2**	**59.1**	**1.5%**
Growth	*10.2%*	*8.4%*	*-1.8%*	*-2.4%*	*-8.9%*	*-11.2%*	*-11.5%*	*-8.6%*	*-2.3%*	*7.3%*	*6.6%*	*5.2%*	

* CAGR 2012 - 2017

Sources: Company data, equinet Research

Earnings development

- **EBIT:** In 2012 ad pepper has shown a good progress as regards its OPEX discipline. The weak EBIT of -4.6m, was however the result of EUR 2.8m one-offs from the departure of two board members. For FY13 we expect another OPEX improvement, which was already indicated by the 3Q figures, while the strong EBIT results from the two recent asset disposals. By FY17 we forecast APM to reach an EBIT of EUR 2.8m.
- **EBT:** The financial result was frequently distorted by extraordinary effects. While in 2010 APM booked EUR 0.9m positive one-off, it reported an impairment of EUR 1.1m on its stake in Socialtyze in 2012. For FY13 and onwards we do not anticipate one-offs for the financial result and expect the conditions to generate financial income to remain weak. Hence EBT should benefit from a only slightly positive financial result.
- **EPS & EAT:** According to APM, the different situation in group divisions and taxation will still lead to a tax burden. The group has not installed a profit-pooling to better exploit tax loss carry forwards, but may do so in the future. Until introduction, EAT an EPS generation will remain hampered, while we expect the negative tax effect to increase with a growing contribution from the ad agents division.

Profit development

EUR m	2010	2011	2012	2013e	2014e	2015e	2016e	2017e	CAGR*
EBIT	**1.0**	**-2.7**	**-4.6**	**5.9**	**-0.5**	**0.6**	**1.7**	**2.8**	**15.6%**
Growth	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*187.9%*	*59.1%*	
EBT	**3.1**	**-2.2**	**-4.7**	**6.2**	**-0.2**	**1.0**	**2.2**	**3.3**	**1.0%**
Growth	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*114.6%*	*51.9%*	
EAT	**2.5**	**-2.4**	**-5.1**	**6.5**	**0.0**	**0.5**	**1.1**	**1.8**	**-4.6%**
Growth	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*125.3%*	*59.1%*	
EPS	**0.11**	**-0.13**	**-0.25**	**0.30**	**-0.02**	**0.00**	**0.02**	**0.05**	**-11.0%**
Growth	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*138.6%*	

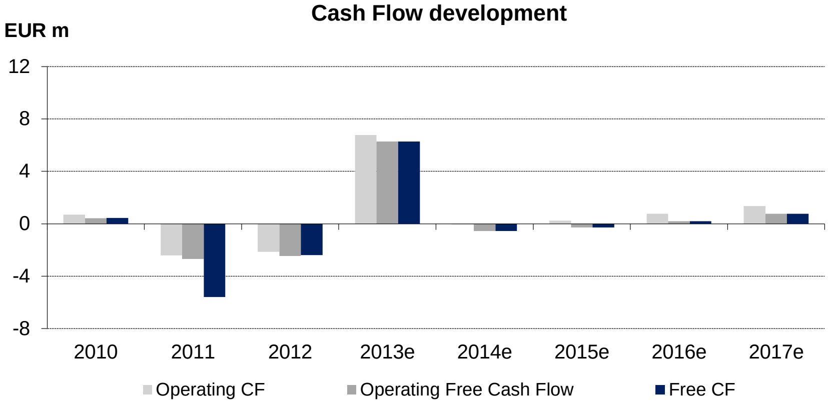
* CAGR 2010 - 2017

Sources: Company data, equinet Research

Cash Flow

- **OCF:** In line with the earnings, OCF will benefit from the asset sales in FY13 and should return to a sustainable positive level in 2015.
- **Capex:** Capital expenditures for operating purposes of APM's business model are generally low and not a decisive factor (below 1% of sales).
- **FCF:** In FY11 FCF was burdened through the investment in SocialTyze. As we do not plan for acquisitions or disposals in the future, we forecast FCF to develop broadly in line with the operating performance.

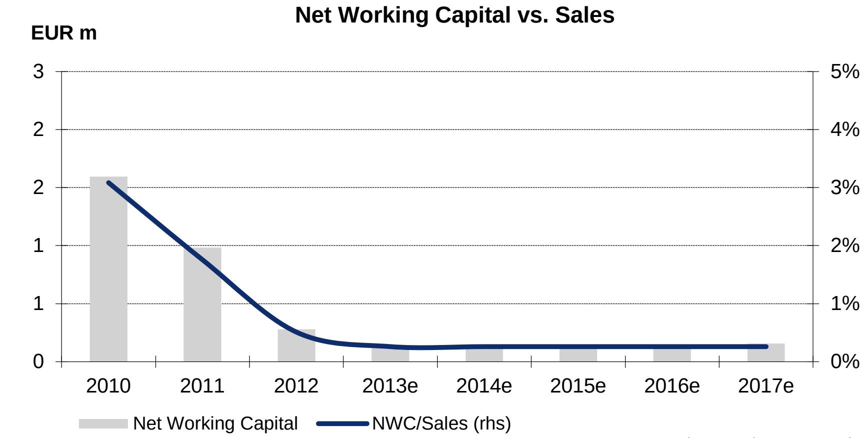
Cash Flow development



Sources: Company data, equinet Research

Working capital

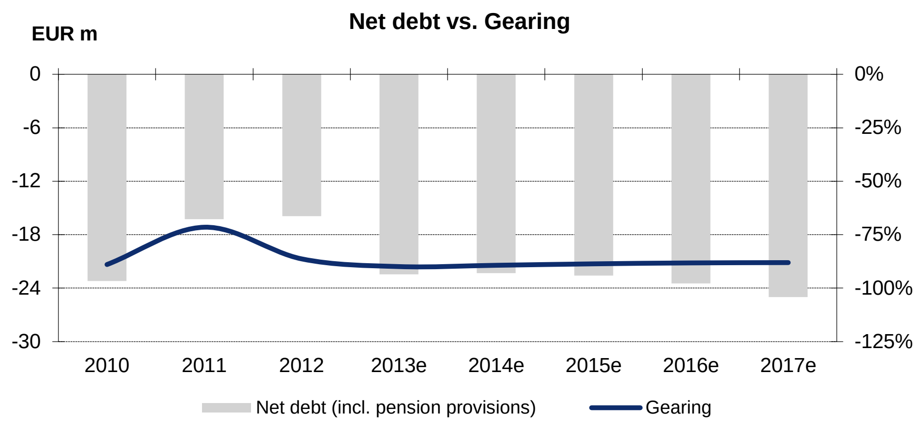
- **Net working capital:** According to our calculations, the company should employ only roughly EUR 0.13m NWC at the end of FY13e. Trade receivables should amount to EUR 7.7m (15.2% of sales) and trade liabilities should come in at EUR 7.5m (14.9%).
- **NWC/Sales:** In the recent past, net working capital has been lowered substantially and amounted to 0.5% of sales in 2012. This reduction was caused by higher relative levels of payables. We expect APM to hold the NWC/sales ratio at 0.3% of sales.



Sources: Company data, equinet Research

Gearing

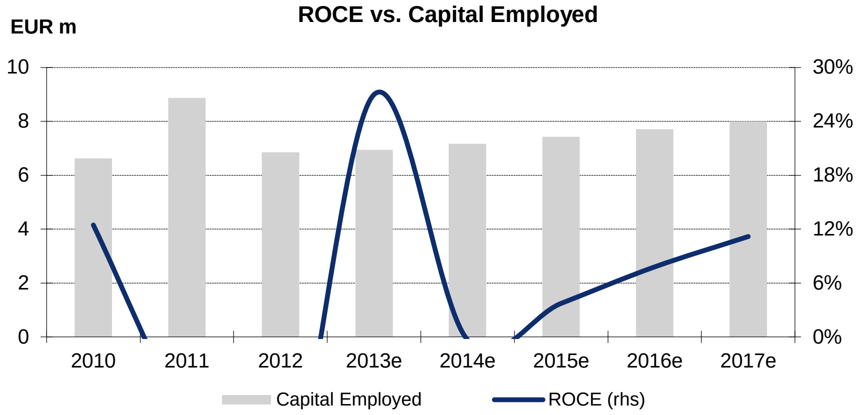
- **Net cash:** APM is in the comfortable situation that the IPO proceeds have never been fully utilised. On the back of the asset sales, it should rise to roughly 22m in FY13. As we expect operating profits improve, net cash should climb in the medium term.
- **Equity:** As an equity financed company, it is not surprising that the equity ratio has never been below the level of 57%. As of December 2013, we expect a book value per share of EUR 1.18.
- **Gearing:** Net debt/equity is around minus 85% and we expect that this should continue as APM will probably not pay regular dividends in the medium term, but might again do so when the EPS returns sustainably into positive terrain.



Sources: Company data, equinet Research

Return on Capital Employed (ROCE)

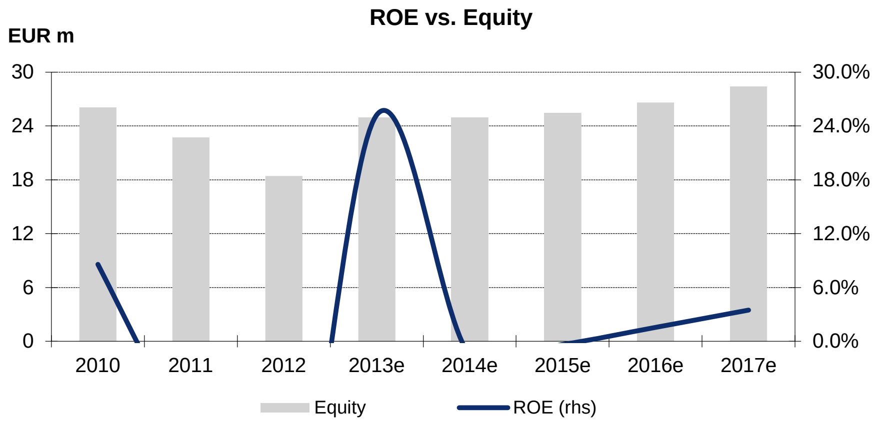
- **CE:** We expect FY13e Capital Employed (CE) to come in at EUR 6.9m, after APM has written off most intangibles and basically all goodwill in 2009. Thus, capital employed is mostly determined by other assets (EUR 6.1m).
- **CE/Sales:** CE/Sales amounts to 0.14x (FY13e). As we expect revenues to increase only slightly ahead of the growth rate for CE, this ratio should marginally decline to c. 0.13x by FY2017e.
- **ROCE:** Following the strong level caused by the asset sales in 2013, ROCE should be close to 0% in FY14 and grow to a level of 11% by 2017



Sources: Company data, equinet Research

Return on Equity (ROE)

- **Equity:** Supported by the asset sales we forecast ad pepper's equity to amount to c. EUR 25m at the end of the current financial year. By FY17 it should grow to EUR 28m.
- **ROE development:** We expect a slightly negative net result in FY14. In the years 2015-17 we forecast ROE to grow from some 0.3% to 3.8%.
- **Price/Book:** Currently, investors are paying c. 1.1x APM equity 2013e which we rate attractive.



Sources: Company data, equinet Research

Triggers & Swot Analysis

Triggers & Drivers

- **Online advertising still in a strong growth mode:** Driven by the increasing internet penetration online advertising expenditures in Europe grew at a CAGR 2007-12 of 22%. As the internet traffic is expected to further increase, especially among the older target groups, we expect growth of online ad expenditures to remain in the high single digits.
- **Growing non-core division getting the upper hand:** Following a revenue share of c. 30% in 2008, Webgains and ad agents accounted for around 63% of sales in 9M 2013 and thus clearly compensated for the decline in the ad pepper media division. From a profitability perspective ad agent is the only segment that has been constantly positive, while we expect break-even at webgains in current FY. The two segments' strong performance, which we forecast to continue, should hence ensure profitable growth, while the relevance of the struggling core segment should further diminish.
- **Strong M&A track record:** APM has often demonstrated its capability to profit from acquisitions and sale of entities in the online sector. It currently owns stakes in highly interesting companies that might contain significantly more value than is in the books (e.g. BAT, Globase).

Strengths & Opportunities

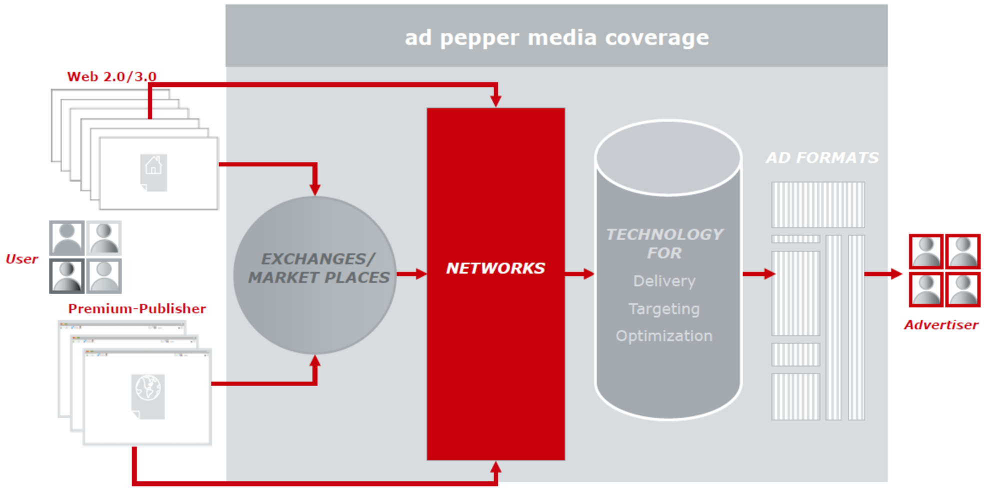
- **Cash rich balance sheet:** Although the past few years have been bumpy for APM's P&L, the company has conserved a cash pile of around EUR 15m in its balance sheet or c. EUR 0.7 per share. APM's equity ratio was never below 57%. Basically all goodwill and most intangibles have been written off.
- **Shift of TV content into the internet:** The TV has been the core advertisement medium in the past and is still the most popular one, with a market share of 38% in Germany. However, nowadays there is a shift of TV content into the internet, which allows for advertisements, not only limited to TV spots in between movies, but also display advertisements on the relevant webpages. As an established expert in this area, ad pepper should continue to benefit from this trend.
- **Availability of unique technology:** Following the sale of Crystal Semantic Ltd. last December (for further details please refer to page 16), ad pepper will be able to continue using Crystal's semantic analysis technology 'SenseEngine' under a long-term license agreement. This is a clear differentiator relative to most competitors as it allows a much more target oriented marketing for its clients from the very beginning. According to ad pepper it is the best technology available in the market.

Weaknesses & Threats

- **Margin pressure and low operating profitability:** Especially in its core business, APM suffers under the fragmented competitor landscape that is the root of fierce price competition. Despite good gross margins, APM might continue to build resources to remain among innovation leaders. This will keep EBITDA margins in the single-digit terrain for the foreseeable future.
- **No specific mobile approach:** Although APM's online advertising business and website marketing should be technology agnostic in principle, it could be rewarding to offer a special mobile approach against the back of high smartphone growth.
- **Reduced economies of scale:** Following the sale of Emediate (please refer to page 16 for details), the fixed cost absorption will be weaker in from 2014 onwards, as administrative expenses will be covered by fewer divisions.

Detail 1: Divisions & business models

- **Ad Pepper Media** is positioned as an ad network – a company which essentially brings advertisers and publishers together. This enables publishers to monetize their website and advertisers to use their spending effectively. It covers the entire range of online advertising in the fields of display, performance, e-mail, affiliate and search engine marketing, as well as ad serving. The segment accounted for 37% of sales in 9M13 and operates with 15 companies in eight European countries and the US, while it organizes campaigns for customers in more than 50 countries. It offers the following products:
  - **iClick** is a performance marketing solution to direct traffic to advertisers' websites by placing banners on relevant websites. Marketers using iClick will only pay if users click on their advertisements, not each time an advertisement is displayed.
  - **iLead** is a product for the generation of leads through a mix of online delivery channels such as e-mail marketing, banners, surveys, polls, or social media. Leads are filtered before they are sent to the client in order to ensure good quality. iLead uses a performance based payment model, so that clients pay per generated lead.
  - **mailpepper** is a full-service provider, offering a comprehensive range of email-related services including the consultancy and the creative preparation of an advertising medium as well as selecting the most suitable mail channel. The product is based on a list of over 15 million managed profiles, thus enabling advertisers to find and contact specific target groups.

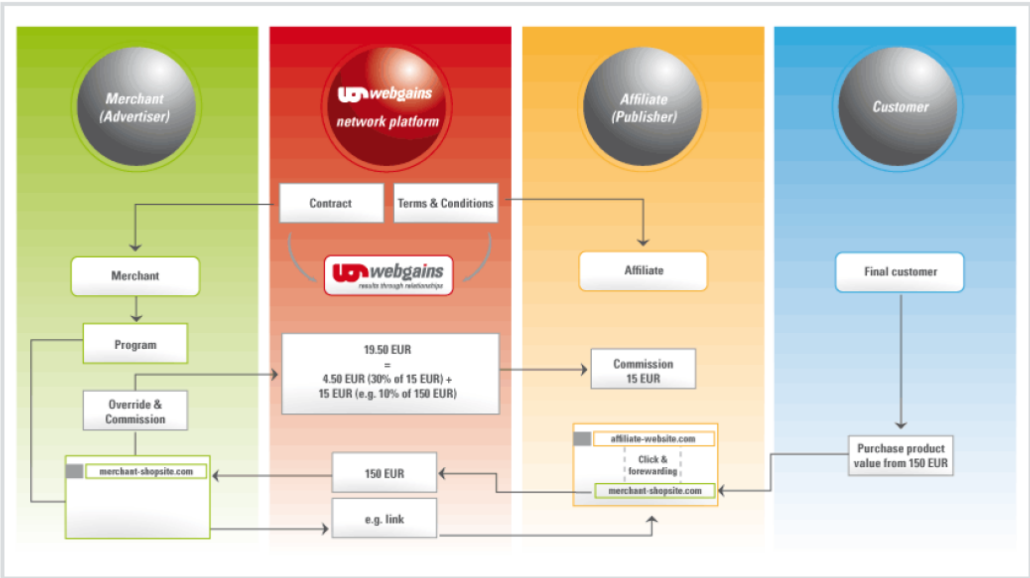


  - **Globase**: Based in Copenhagen, Denmark, Globase is a 100% subsidiary which offers email marketing campaigns, surveys, and SMS campaigns. The globase system is a userfriendly and flexible tool that automates marketing activities and thus frees up the clients resources.
  - **Ad EXplorer** is ad pepper's proprietary real-time bidding (RTB) platform, which was launched in Q3 2011. However, so far the sales contribution is negligible.

- **Webgains** is an affiliate network with offices in the UK, France, Germany, the Netherlands, the US, Spain, Sweden and Denmark. It is one of Europe's leading international affiliate networks, and, according to the company one of the most efficient e-commerce platforms in the market. Affiliate marketing is a commission-based business where website operators (160k affiliates) allow advertisements by advertisers (2k merchants) and receive a percentage of the sales generated from the ads. The affiliate network acts as an intermediary between these parties.

- The embedded sematic targeting technology iSense (which is used under a license agreement following the disposal of Crystal Semantic Ltd.) ensures appropriate placements within the right content and, thus translates into high conversion rates for the merchants. Due to the platforms high efficiency, webgains is constantly attracting new customers, like e.g. Nike, which could be gained in Q3 2012. As a result of the strong growth rates, the division already accounted for 49% of group sales in 9M 2013, and thus surpassed the contribution of the core segment ad pepper media.

Webgains Business Model



Source: Ad Pepper

- **ad agents** is a 60% subsidiary which specializes in search engine marketing (SEM), search engine optimization (SEO) and performance marketing. Due to the sharply rising popularity of search engines, search engine related marketing was one of the fastest growing areas of the online advertising sector over the past several years. ad agents offers effective support for its business clients in making respective products and services better known, in successfully generating new leads and attaining higher turnover for the e-commerce products of its clients.
- The customer base comprises companies such as buch.de, ERGO group and Euronics. ad agents accounted for 14% of group sales In 2012. Right now it is in the process of shifting its customers towards direct billing via Google. While the shift reduces segment sales it improves gross profit, with a net effect for gross margin. For APM this results in lower operating costs, while the effect for the customers is neutral.
- **Brand Affinity Technologies (4.5% stake)** operates an endorsement platform that connects celebrity athletes with advertisers. The platform's services are focused on activating, engaging, and monetizing fans of professional sport teams. This makes endorsement advertising simpler and less expensive for advertisers. Ad pepper acquired a 4.5% stake in 2008 for USD 2.5m.

Detail 2: 9M results

- On November 7th 2013 ad pepper has released final 9M13 figures in line with preliminaries. While sales where somewhat lagging behind our expectations, earnings came in line, as a result of a further OPEX improvement. Please note that the following analysis is based on our previous estimates, which we have adjusted with the release of this report. For more details on the changes, please refer to Detail 4 on page 17.
- **Sales below expectations:** Group revenues declined by 7% yoy to a level of EUR 36.4m. This compares to our expectation of EUR 38.2m. The deviation was mainly the result of two effects, which came in somewhat stronger than we had anticipated: The closure of the Dutch ad pepper media operations in Q2 and billing changes in the ad agents division. However, as the change in the billing distorts sales, but has a net effect on gross profit, we regard gross profit as better indicator for the group performance.
- **Segments:** The core division ad pepper media declined by 11% yoy. With -24.8% yoy Q3 was especially weak, mainly due to the expiry of a lead contract and the discontinuation of the Dutch operations, both in Q2. Webgains reported a 13% increase, while ad pepper media declined by 39%, due to the mentioned shift towards direct billing.
- **One-off items:** The 9M figures include several extraordinary items. In Q2 the company reported the expenses of EUR 0.35m from the discontinuation of the Dutch operations and earnings of EUR 0.26m from the sale of the company's stake in Videovalis. For Q3 ad pepper mentioned further one-off earnings of EUR 0.36m from the change in the measurement of provisions for affiliate credits, as well as minor expenses (EUR 39k from personal adjustment measures in Denmark.
- **EBIT in line with expectations:** Gross profit declined by 3% yoy and amounted to EUR 15.8m, while we had expected some EUR 16.3m. However ad pepper was again able to show a strong improvement in OPEX. As a result, EBIT came in line with our estimate of EUR -1.1m. However, due to a tax gain related to deferred tax assets, net profit came in ahead of our expectations. According to the company, this effect is, however, set to reverse in Q4 2013.

9M13 review

in EUR m	9M 13	9M 13e	delta	9m 12	yoy	FY13e	FY12	yoy
Sales	**36.4**	**38.2**	**-5%**	**39.4**	**-7%**	**53.7**	**55.0**	**-2%**
Gross profit	**15.8**	**16.3**	**-3%**	**16.4**	**-4%**	**22.6**	**23.1**	**-2%**
EBITDA	**-0.9**	**-0.9**	**nm**	**-1.6**	**nm**	**-1.1**	**-4.2**	**nm**
EBITDA margin	*-2.4%*	*-3.2%*	*79 bp*	*-4.0%*	*159 bp*	*-2.1%*	*-7.6%*	*546 bp*
EBIT	**-1.1**	**-1.1**	**nm**	**-1.9**	**-43%**	**-1.4**	**-4.6**	**nm**
Net profit	**-0.3**	**-1.2**	**nm**	**-1.7**	**nm**	**-1.6**	**-5.3**	**nm**
EPS (EUR)	**-0.02**	**-0.06**	**nm**	**-0.08**	**nm**	**-0.08**	**-0.25**	**nm**

Sources: Company data, equinet Research

Detail 3: Recent asset disposals

- **Emediate:** In November ad pepper announced to sell its ad server subsidiary Emediate to Cxense AS for a consideration of c. EUR 7.4m including net cash. Emediate was acquired in 2007 for a purchase price of c. EUR 5m sold with effect as of November 1st 2013. Ad pepper will continue its partnership with Emediate and expects to benefit from the combination of Emediates solutions in ad serving as well as campaign management and analysis with Cxenses' capabilities in the area of advanced analytics, audience insight and targeted advertising.

  In 2012 Emediate contributed some EUR 4.4m in sales and an EBITDA of EUR 0.9m. The transaction leads to an extraordinary gain of EUR 6.4m to be recognised in 4Q13.

- **About emediate**. The Copenhagen based company offers adservers under the emediate brand and technologies for the efficient delivery, management and analysis of online advertising campaigns. Its customer base comprises companies like Schibsted, the largest media group in Northern Europe, aftonbladet.se, Skandinavia's largest online newspaper, or tv.nu, Sweden's largest online TV guide. In 2012 the Scandinavian market Market leader grew by 14%.

- **Crystal Semantic:** In December released the information that with effect as of December 1st it sells its 100% stake in Crystal Semantic Ltd. to 24/7 Media, Inc., a subsidiary of WPP. With its semantic targeting technology Crystal Semantic is one of the leading solutions providers in the online advertising market. It was established in 2001 and acquired by ad pepper in 2006. The purchase price amounts to USD 3m and positively impacts earnings by c. EUR 1m in Q4 2013. APM mentioned the disposal to result in significantly reduced R&D expenses and mentioned expected annual savings of c. EUR 1m. Both companies have further agreed a long-term license agreement enabling ad pepper media to continue using Crystal's technology in the future.

- **About Crystal semantics**: Crystal semantic offers a proprietary technology called SenseEngine. It was developed by the renowned linguist Prof. Dr. David Crystal. It is a technology to semantically analyse web pages, which means analysing the text in detail to deduce its meaning and, once not obvious, its context and the content category it belongs to. Based on this technology, the iSense Display product allows advertisements to be targeted to specific categories which are preselected by the advertiser. SiteScreen uses the same technology to avoid advertisements in contexts which could be negative for the advertised brands.

- **Rationale:** The disposals are in line with the group's strategy to focus on its core field of performance marketing. The transactions thus make sense and even result at a negligible impact on earnings (lower earnings through Emediate disposal compensated by savings from Crystal, while we expect a minor impact from the new license agreements) an a reasonable cash inflow of around EUR 7m (EUR 0.33 per share).

Detail 4: Changes in estimates

- We have reduced our FY 2013 sales assumption to account for the higher than expected impact from the billing shift in the ad agents division, as well as the disposal of Emediate, which will also have an effect on sales going forward. We have further lowered our top line expectation for the underlying ad pepper media segment due to the stronger than anticipated sales deceleration. While the two disposals have an approximately offsetting effect on earnings, we have lowered our OPEX assumption for FY13 and onwards. Nevertheless, due to the weaker fixed cost absorption of ad pepper media, the implications on earnings are negative both in 2014 and 2015.

Estimate changes

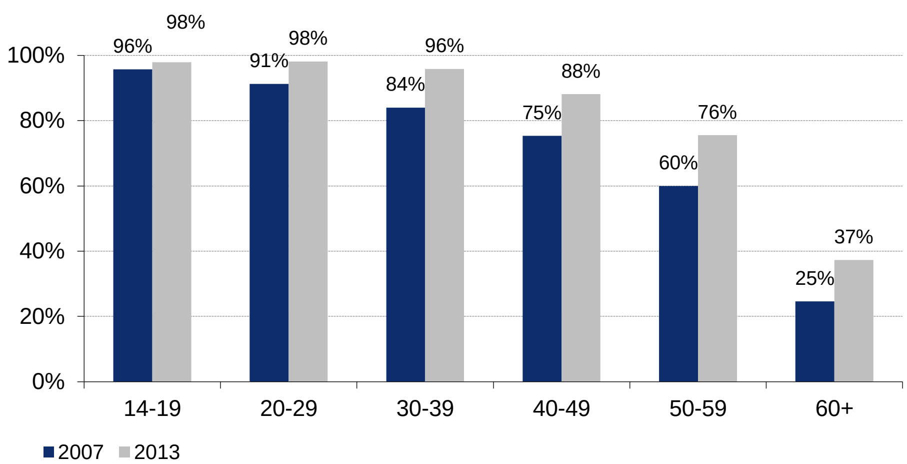
in EUR m	FY13 old	FY13 new	change	FY14 old	FY14 new	change	FY15 old	FY15 new	change
Sales	**53.70**	**50.30**	**-6%**	**59.87**	**49.15**	**-18%**	**64.15**	**52.76**	**-18%**
EBITDA	**-1.24**	**6.22**	**n/a**	**0.39**	**-0.27**	**-169%**	**1.26**	**0.89**	**-29%**
EBITDA margin	*-2.3%*	*12.4%*	*1470 bp*	*0.6%*	*-0.5%*	*-120 bp*	*2.0%*	*1.7%*	*-30 bp*
EPS [EUR]	**-0.08**	**0.30**	**n/a**	**-0.01**	**-0.02**	**n/a**	**0.00**	**0.00**	**n/a**

Sources: Company data, equinet Research

Detail 4: Online advertisement – the growing marketing channel

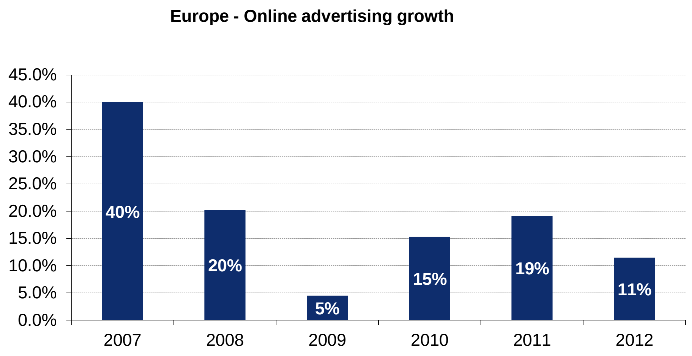
- **Growing relevance of the internet:** The number of internet users is constantly increasing. According to IAB Mediascope Europe 2012 427m Europeans were online and spent on average 14.8 hours per week in the internet. The online penetration rate increased by 19pp in just two years. This data is confirmed by findings of AGOF on the German market. AGOF states that currently some 51.5m people (73.3%) out of the total German population of 70.2m people aged 14+ have used the internet within the last three months. This compares to 32.7m of 64.8m (50.5%) back in 2007. The following chart shows that while the penetration among young users was already high in 2007, it is strongly increasing among the older target groups.

Germany - Online-Penetration by age groups*

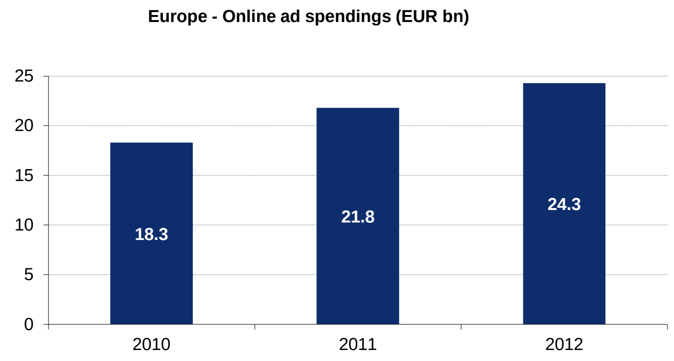


*)internet users last three months   Source: AGOF internet facts 2007-04 & 2013-06, equinet

➢ **Increasing online ad spending:** As a result of the increasing internet traffic, online advertising became the fastest growing marketing medium. Following the strong growth rates of 40% and 20% in 2007 and 2008, respectively, growth of the online advertising expenditures was impacted by the financial crisis and decelerated to some 5% in 2009. In 2010 it recovered has remained in the double digits since then. In total the CAGR 2007-'12 amounted to some impressive 21.9%.

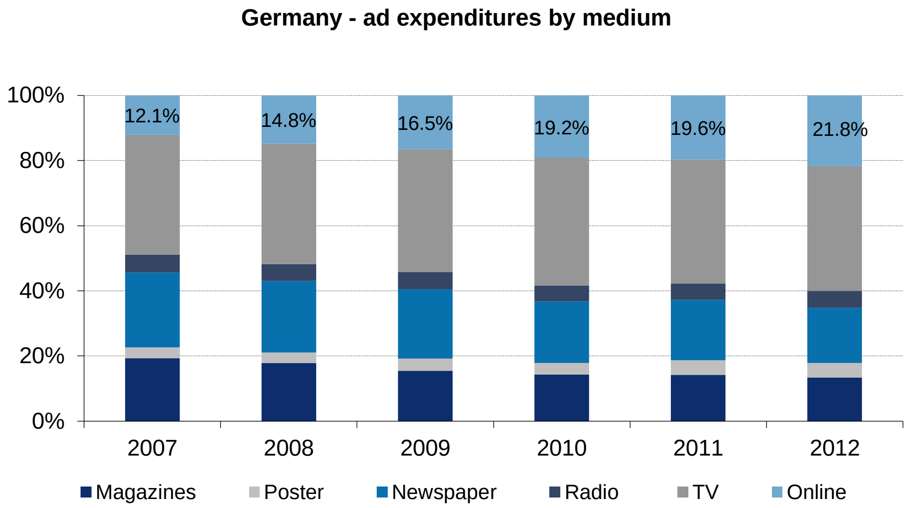


Source: IAB, equinet



Source: IAB, equinet

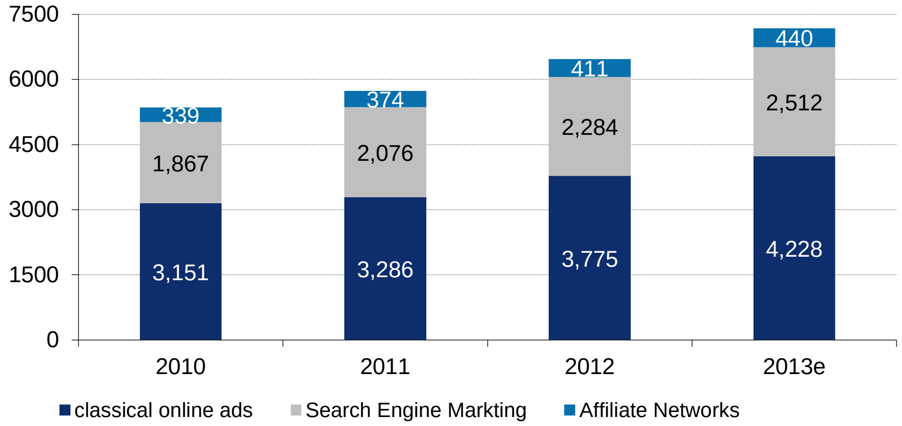
➢ **Growing share of online advertising spending:** The strong growth rate of online advertisement spending clearly outpaced those of the other media. In Germany the online spending volume surpassed the one for newspaper advertisement already in 2010 and has since than remained the second most relevant online medium after the TV, while its market share keeps constantly growing.



Source: OVK, equinet

➢ **Online ad expenditures by type:** Total spending on online advertising in Germany amounted to EUR 6.5bn in 2012. In a breakdown by types, classical online ads accounted for 58%, followed by Search Engine Marketing (SEM) with 35% and Affiliate Networks with 6%. Considering the growth rates, SEM and Classical Online Advertisement grew at similar rates of 10.4% and 10.3% (CAGR 2010-13e), slightly ahead of Affiliate Networks with 9.1%. However, it's worth mentioning that due the sharply rising popularity of Google, growth of SEM should have clearly outpaced those of the other types in the past. This is reflected in the historical market shares, which are published by IAB/PwC for the US market. Compared to a share of 46% in 2012, SEM only accounted for 4% in back in 2001.

Germany - online ad expenditures by type



Source: OVK, equinet

- **Competitive landscape:** There is a multitude of companies in the online advertising market. Even in the more narrow semantic advertising market, where most companies are very small. Currently, two important players in semantic advertising are ad pepper and Peer39, Inc., a US-based company in this field which calls itself the "global leader in semantic advertising technology." The sector of affiliate marketing, which has become ad pepper's most important segment, is also characterised by a high degree of competition. Besides APM's webgains and the competitor Tradedoubler, zanox and affilinet are considered the key players in the European market.

Detail 5: Calendar of Events

Calendar of events

Event	Date
Annual report	March 28, 2014
AGM 2014 (Amsterdam, NL)	May 13, 2014

source: company data

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Ad pepper: Summary tables

PROFIT & LOSS (EURm)	12/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Sales	**51.7**	**56.0**	**55.0**	**50.3**	**49.1**	**52.8**
Cost of Sales & Operating Costs	-49.9	-58.2	-59.2	-44.1	-49.4	-51.9
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**1.7**	**-2.2**	**-4.2**	**6.2**	**-0.3**	**0.9**
EBITDA (adj.)*	**1.7**	**-2.2**	**-4.2**	**6.2**	**-0.3**	**0.9**
Depreciation	-0.3	-0.3	-0.2	-0.1	-0.1	-0.2
EBITA	**1.4**	**-2.5**	**-4.4**	**6.1**	**-0.4**	**0.7**
EBITA (adj)*	**1.4**	**-2.5**	**-4.4**	**6.1**	**-0.4**	**0.7**
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**1.0**	**-2.7**	**-4.6**	**5.9**	**-0.5**	**0.6**
EBIT (adj.)*	**1.0**	**-2.7**	**-4.6**	**5.9**	**-0.5**	**0.6**
Net Financial Interest	0.6	0.8	1.0	0.3	0.3	0.4
Other Financials	0.1	-0.2	0.0	0.0	0.0	0.0
Associates	0.6	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.7	0.0	-1.1	0.0	0.0	0.0
Earnings Before Tax (EBT)	**3.1**	**-2.2**	**-4.7**	**6.2**	**-0.2**	**1.0**
Tax	-0.6	-0.2	-0.4	0.3	0.2	-0.5
Tax rate	*18.1%*	*n.m.*	*n.m.*	*n.m.*	*80.0%*	*50.0%*
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.3	-0.3	-0.2	-0.2	-0.4	-0.6
Net Profit (reported)	**2.2**	**-2.6**	**-5.3**	**6.3**	**-0.4**	**-0.1**
Net Profit (adj.)	**2.2**	**-2.6**	**-5.3**	**6.3**	**-0.4**	**-0.1**

CASH FLOW (EURm)	12/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Cash Flow from Operations before change in NWC	2.5	-3.0	-2.8	6.6	-0.1	0.2
Change in Net Working Capital	-1.8	0.6	0.7	0.1	0.0	0.0
Cash Flow from Operations	**0.7**	**-2.4**	**-2.1**	**6.8**	**-0.1**	**0.2**
Capex	-0.3	-0.3	-0.3	-0.5	-0.5	-0.5
Net Financial Investments	0.0	-2.9	0.1	0.0	0.0	0.0
Free Cash Flow	**0.5**	**-5.6**	**-2.4**	**6.3**	**-0.6**	**-0.3**
Dividends	0.0	-1.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	0.2	-0.3	2.1	0.3	0.4	0.6
Change in Net Debt	**0.6**	**-7.0**	**-0.3**	**6.5**	**-0.2**	**0.3**
NOPLAT	0.8	-3.0	-5.0	6.2	-0.1	0.3

BALANCE SHEET & OTHER ITEMS (EURm)	12/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Net Tangible Assets	0.4	0.4	0.4	0.7	0.9	1.1
Net Intangible Assets (incl.Goodwill)	0.5	0.3	0.1	0.1	0.1	0.1
Net Financial Assets & Other	4.1	7.2	6.1	6.1	6.1	6.1
Total Fixed Assets	**5.0**	**7.9**	**6.6**	**6.8**	**7.0**	**7.3**
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Trade receivables	8.0	9.9	8.4	7.6	7.5	8.0
Other current assets	1.2	1.4	1.3	1.3	1.3	1.4
Cash (-)	-23.2	-16.2	-15.9	-22.5	-22.3	-22.5
Total Current Assets	**32.5**	**27.6**	**25.5**	**31.4**	**31.0**	**31.9**
Total Assets	**37.5**	**35.4**	**32.1**	**38.2**	**38.1**	**39.2**
Shareholders Equity	25.7	22.3	18.2	24.5	24.0	24.0
Minority	0.4	0.4	0.3	0.5	0.9	1.5
Total Equity	26.1	22.7	18.4	25.0	24.9	25.4
Long term interest bearing debt	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	3.3	2.4	4.3	4.4	4.4	4.5
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Long Term Liabilities	**3.3**	**2.4**	**4.3**	**4.4**	**4.4**	**4.5**
Short term interest bearing debt	0.0	0.0	0.0	0.0	0.0	0.0
Trade payables	6.4	8.9	8.1	7.5	7.3	7.9
Other current liabilities	1.7	1.4	1.3	1.3	1.4	1.4
Total Current Liabilities	**8.2**	**10.4**	**9.3**	**8.8**	**8.7**	**9.3**
Total Liabilities and Shareholders' Equity	**37.5**	**35.4**	**32.1**	**38.2**	**38.1**	**39.2**
Net Capital Employed	**6.1**	**8.8**	**6.9**	**6.9**	**7.1**	**7.4**
Net Working Capital	**1.6**	**1.0**	**0.3**	**0.1**	**0.1**	**0.1**

GROWTH & MARGINS	12/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Sales growth	*10.2%*	*8.4%*	*-1.8%*	*-8.6%*	*-2.3%*	*7.3%*
EBITDA (adj.)* growth	***n.m.***	***n.m.***	***n.m.***	***n.m.***	***n.m.***	***n.m.***
EBITA (adj.) growth*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*
*EBIT (adj)*growth*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*

Ad pepper: Summary tables

GROWTH & MARGINS	12/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Net Profit growth	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*
EPS adj. growth	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*
DPS adj. growth	*n.m.*	*n.m.*				
EBITDA (adj) margin*	*3.3%*	*n.m.*	*n.m.*	*12.4%*	*n.m.*	*1.7%*
EBITA (adj) margin*	*2.7%*	*-4.4%*	*-8.0%*	*12.1%*	*-0.9%*	*1.4%*
EBIT (adj) margin*	*2.0%*	*n.m.*	*n.m.*	*11.8%*	*n.m.*	*1.1%*

RATIOS	12/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Net Debt/Equity	-0.9	-0.7	-0.9	-0.9	-0.9	-0.9
Net Debt/EBITDA	-13.5	7.3	3.8	-3.6	83.0	-25.2
Interest cover (EBITDA/Fin.interest)	n.m.	2.9	4.2	n.m.	0.9	n.m.
Capex/D&A	37.4%	50.0%	67.2%	180.9%	176.8%	183.2%
Capex/Sales	0.5%	0.5%	0.6%	1.0%	1.0%	1.0%
NWC/Sales	3.1%	1.8%	0.5%	0.3%	0.3%	0.3%
ROE (average)	9.5%	-11.0%	-26.0%	29.5%	-1.8%	-0.4%
ROCE (adj.)	32.8%	-180.4%	-624.7%	712.3%	-10.1%	22.7%
WACC	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
ROCE (adj.)/WACC	3.5	-19.5	n.m.	76.9	-1.1	2.5

PER SHARE DATA (EUR)***	12/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Average diluted number of shares	21.3	21.1	21.2	21.2	21.2	21.2
EPS (reported)	0.11	-0.13	-0.25	0.30	-0.02	0.00
EPS (adj.)	0.11	-0.13	-0.25	0.30	-0.02	0.00
BVPS	1.21	1.06	0.86	1.15	1.13	1.13
DPS	0.05	0.00	0.00	0.00	0.00	0.00

VALUATION	12/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
EV/Sales	0.3	0.0	n.m.	n.m.	0.1	0.1
EV/EBITDA	8.3	n.m.	0.5	n.m.	n.m.	8.6
EV/EBITDA (adj.)*	**8.3**	**n.m.**	**0.5**	**n.m.**	**n.m.**	**8.6**
EV/EBITA	10.3	-1.1	0.5	-0.2	-13.0	10.4
EV/EBITA (adj.)*	**10.3**	**-1.1**	**0.5**	**-0.2**	**-13.0**	**10.4**
EV/EBIT	14.2	n.m.	0.5	n.m.	n.m.	12.6
EV/EBIT (adj.)*	**14.2**	**n.m.**	**0.5**	**n.m.**	**n.m.**	**12.6**
P/E (adj.)	**17.1**	**n.m.**	**n.m.**	**3.8**	**n.m.**	**n.m.**
P/BV	1.5	1.0	1.0	1.0	1.2	1.2
Total Yield Ratio	2.0%	-1.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	5.7	1.7	n.m.	n.m.	5.0	5.7
OpFCF yield	1.1%	-12.2%	-14.0%	25.9%	-2.1%	-1.0%
OpFCF/EV	2.9%	-96.5%	116%	-677%	-11.0%	-3.8%
Payout ratio	47.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%

EV AND MKT CAP (EURm)	12/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Price** (EUR)	1.80	1.04	0.82	1.14	1.36	1.36
Outstanding number of shares for main stock	20.9	21.1	21.2	21.2	21.2	21.2
Total Market Cap	**38**	**22**	**17**	**24**	**29**	**29**
Net Debt	**-23**	**-16**	**-16**	**-22**	**-22**	**-23**
o/w Cash & Marketable Securities (-)	*-23*	*-16*	*-16*	*-22*	*-22*	*-23*
o/w Gross Debt (+)	*0*	*0*	*0*	*0*	*0*	*0*
Other EV components	**0**	**-3**	**-4**	**-3**	**-1**	**1**
Enterprise Value (EV adj.)	**14**	**3**	**-2**	**-1**	**5**	**8**

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: Media/Broadcasting & Entertainment

Company Description: Ad pepper media is one of the leading independent international online advertisement agents. With 16 offices in ten European countries and the USA, ad pepper fascilitates online campaigns for thousands of clients in more than 50 countries worldwide. In 2007, ad pepper reported sales of EUR 51m, EBIT of EUR 3.8m and net profit of EUR 2.6m.

Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.
2G ENERGY	Freudenreich	34.50	Buy	2/3
4SC	Miemietz	3.60	Buy	7
Aareal Bank	Häßler	31.00	Accumulate	
Adler Modemaerkte	Rigters/ Faust	11.60	Buy	3/5
Ad pepper	Rigters/ Pehl	1.85	Buy	2/3
adidas	Faust / Rigters	85.00	Accumulate	
Advanced Vision Technology	Schmidt	7.00	Buy	
Agrarius AG	Schäfer	1.25	Buy	2/3/5
Aixtron	Pehl	7.00	Sell	2/3
Allianz	Häßler	130.00	Hold	
Analytik Jena	Demidova	14.00	Hold	7
BASF	Demidova	78.00	Hold	
BAUER AG	Schmidt	16.50	Reduce	
Bayer	Miemietz	94.00	Accumulate	
BayWa	Schäfer	45.00	Buy	5
BB Biotech	Miemietz	121.00	Buy	7
Beiersdorf	Demidova	56.00	Sell	
Berentzen	Faust / Rigters	5.60	Hold	2/3
BILFINGER SE	Faust	100.00	Buy	
Biotest	Miemietz	70.00	Buy	2/3/5
BMW	Schuldt	83.00	Hold	
Celesio	Lieder	23.00	Hold	
Cenit	Pehl	12.75	Buy	2/3
comdirect	Häßler	9.50	Accumulate	
Commerzbank	Häßler	10.00	Hold	
Continental	Schuldt	105.00	Reduce	
Daimler AG	Schuldt	55.00	Reduce	
Daldrup & Soehne	Schäfer	15.00	Accumulate	2/3/5
Deutsche Bank	Häßler	42.00	Buy	
Deutsche Biogas	Schäfer	6.00	Buy	2/3/5
Deutsche Boerse	Häßler	48.00	Sell	
Deutsche EuroShop	Rothenbacher	33.00	Hold	
Deutsche Forfait	Häßler	5.60	Buy	2/3/4/5
Deutsche Post	Rothenbacher	24.00	Reduce	
Deutsche Telekom	Pehl	12.25	Hold	
Deutz AG	Schmidt	8.20	Buy	
DMG MORI SEIKI AG	Schmidt	26.00	Accumulate	
Douglas Holding	Faust / Rigters	38.00	Hold	
Dragerwerk	Lieder	100.00	Hold	
Drillisch	Pehl	24.00	Accumulate	
E.ON	Schäfer	14.00	Hold	
ElringKlinger	Schuldt	20.00	Reduce	
Epigenomics AG	Miemietz	8.00	Buy	2/3/5
Euromicron AG	Pehl	19.00	Buy	2/3/5
Fielmann	Lieder	84.00	Accumulate	
Fraport	Rothenbacher	61.00	Accumulate	
Freenet	Pehl	22.00	Accumulate	2
Fresenius	Lieder	104.00	Accumulate	
Fresenius Medical Care	Lieder	61.00	Buy	
Fuchs Petrolub	Demidova	54.00	Reduce	
GEA Group	Schmidt	38.00	Accumulate	
Gerresheimer AG	Lieder	45.00	Hold	
GERRY WEBER	Rigters/ Faust	34.00	Accumulate	
Gesco	Schmidt	78.00	Accumulate	2/3
GFT Technologies	Schuldt	7.50	Buy	2/3
Gigaset	Rigters/ Pehl	1.00	Hold	2/3/5
Grenkeleasing AG	Häßler	50.00	Sell	
Hannover Re	Häßler	70.00	Buy	
Heidelberger Druck	Schmidt	3.00	Buy	
Henkel	Demidova	62.00	Sell	
HHLA	Rothenbacher	18.00	Hold	
Hochtief	Faust	69.00	Hold	
Hugo Boss	Faust / Rigters	88.00	Reduce	
i:FAO AG	Rothenbacher	16.50	Buy	2/3
Joyou AG	Lieder	21.90	Buy	2
IVG Immobilien AG	Rothenbacher	0.05	Sell	
K+S AG	Schäfer	25.00	Buy	

Coverage	Analyst	Target	Rating	Disc.
Kontron	Pehl	5.00	Hold	
Krones AG	Schmidt	66.00	Hold	
KTG Agrar	Schäfer	16.00	Accumulate	2/3/5
KUKA	Schmidt	34.00	Hold	
LANXESS	Demidova	52.00	Hold	
Leoni	Schuldt	56.00	Accumulate	
Linde	Demidova	160.00	Accumulate	
Loewe	Faust / Rigters	Suspended	Suspended	2/5
Logwin	Rothenbacher	1.60	Buy	2/3/5
Lufthansa	Rothenbacher	15.00	Hold	
MAN	Schuldt	85.00	Hold	
MAX Automation AG	Schmidt	7.00	Buy	2/3
Medion	Faust / Rigters	13.00	Hold	
Merck	Miemietz	133.00	Accumulate	
MIFA	Rigters/ Faust	8.80	Buy	2/3/4/5
MLP	Häßler	5.30	Accumulate	2/3
Mobotix AG	Pehl	19.00	Accumulate	2/3
MTU	Pehl	71.00	Hold	2
Munich Re	Häßler	150.00	Hold	
Nanogate AG	Demidova	38.00	Accumulate	2/3/5
PATRIZIA AG	Häßler	9.10	Buy	
Pfeiffer Vacuum	Pehl	84.00	Reduce	
Phoenix Solar	Freudenreich	Suspended	Suspended	
Porsche	Schuldt	64.00	Hold	
Postbank	Häßler	32.00	Accumulate	
PSI	Schäfer	12.00	Hold	2/3
Puma	Faust / Rigters	285.00	Buy	
Rheinmetall	Pehl	45.00	Hold	
Rhoen-Klinikum	Lieder	23.60	Buy	
RIB Software	Rothenbacher	8.00	Buy	2/3
RWE	Schäfer	25.00	Hold	
SAF-HOLLAND	Schuldt	14.00	Buy	7
Salzgitter	Freudenreich	35.00	Buy	
Seven Principles AG	Pehl	6.00	Buy	2/3/5
SIEGFRIED HOLDING AG	Miemietz	202.00	Buy	7
Singulus Technologies	Freudenreich	2.30	Hold	4/5
SKW Stahl	Freudenreich	23.00	Buy	
SMA Solar Technology	Freudenreich	23.00	Sell	
SMT SCHARF AG	Schmidt	25.00	Accumulate	2/3
Solar World	Freudenreich	0.05	Sell	
Suess MicroTec	Pehl	8.00	Hold	2/3
SURTECO	Lieder	26.00	Buy	2/3
Symrise AG	Demidova	32.00	Hold	
SYZYGY AG	Rigters/ Pehl	5.40	Buy	2/3
Talanx Group	Häßler	27.00	Accumulate	
ThyssenKrupp	Freudenreich	16.00	Sell	
TUI	Rothenbacher	14.00	Accumulate	
United Internet	Pehl	28.00	Hold	
Uzin Utz	Faust / Lieder	26.00	Buy	2/3
VBH Holding	Faust	2.80	Hold	2/3
VIB Vermoegen	Rothenbacher	13.00	Accumulate	
Volkswagen	Schuldt	205.00	Buy	
Vossloh	Schmidt	66.00	Reduce	
Wacker Chemie	Freudenreich	58.00	Sell	
Wilex	Miemietz	3.00	Buy	2/3
Wincor Nixdorf	Pehl	53.00	Hold	2

Source: equinet Recommendations

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

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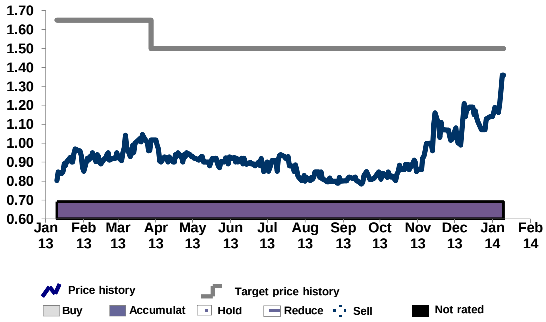
Competent Supervisory Authority:

Bundesanstalt für Finanzdienstleistungsaufsicht
-BaFin- (Federal Financial Supervisory Authority)
Graurheindorfer Straße 108, 53117 Bonn and
Lurgialle 12, 60439 Frankfurt am Main.

Recommendation history for AD PEPPER

Date	Recommendation	Target price	Price at change date
13-Jan-14	Buy	1.85	1.36
21-May-13	Buy	1.50	0.90
23-Nov-12	Buy	1.65	0.83
19-Jul-12	Buy	1.70	0.99
09-May-12	Buy	1.65	1.11
13-Feb-12	Buy	1.80	1.44
20-Jul-11	Accumulate	1.90	1.74
08-Apr-11	Buy	2.40	1.79

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: Philipp Rigters (since 15/02/2010)



European Coverage of the Members of ESN

Aerospace & Defense	**Mem(*)**
Aviation Latecoere	CIC
Bae Systems Plc	CIC
Dassault Aviation	CIC
Eads	CIC
Finmeccanica	BAK
Lisi	CIC
Mtu	EQB
Rheinmetall	EQB
Rolls Royce	CIC
Safran	CIC
Thales	CIC
Zodiac	CIC
Airlines	**Mem(*)**
Air France Klm	CIC
Finnair	POH
Lufthansa	EQB
Automobiles & Parts	**Mem(*)**
Autoliv	CIC
Bmw	EQB
Brembo	BAK
Continental	EQB
Daimler Ag	EQB
Elringklinger	EQB
Faurecia	CIC
Fiat	BAK
Landi Renzo	BAK
Leoni	EQB
Michelin	CIC
Nokian Tyres	POH
Piaggio	BAK
Pirelli & C.	BAK
Plastic Omnium	CIC
Plastivaloire	CIC
Porsche	EQB
Psa Peugeot Citroen	CIC
Renault	CIC
Sogefi	BAK
Stern Groep	SNS
Valeo	CIC
Volkswagen	EQB
Banks	**Mem(*)**
Aareal Bank	EQB
Akbank	IBG
Aktia	POH
Alpha Bank	IBG
Banca Carige	BAK
Banca Mps	BAK
Banco Popolare	BAK
Banco Popular	BBO
Banco Sabadell	BBO
Banco Santander	BBO
Bank Of Cyprus	IBG
Bankinter	BBO
Bbva	BBO
Bcp	CBI
Bes	CBI
Bnp Paribas	CIC
Boursorama	CIC
Bper	BAK
Bpi	CBI
Commerzbank	EQB
Credem	BAK
Credit Agricole Sa	CIC
Creval	BAK
Deutsche Bank	EQB
Dexia	BDG
Efg Eurobank Ergasias	IBG
Garanti Bank	IBG
Halkbank	IBG
Ing Group	SNS
Intesa Sanpaolo	BAK
Kbc Group	BDG
Mediobanca	BAK
National Bank Of Greece	IBG
Natixis	CIC
Nordea	POH
Piraeus Bank	IBG
Postbank	EQB
Societe Generale	CIC
Ubi Banca	BAK
Unicredit	BAK
Yapi Kredi Bank	IBG
Basic Resources	**Mem(*)**
Acerinox	BBO
Altri	CBI
Arcelormittal	BBO
Crown Van Gelder	SNS
Ence	BBO
Europac	BBO
Inapa	CBI
Metka	IBG
Metsä Board	POH
Mytilineos	IBG
Nyrstar	BDG
Outokumpu	POH
Portucel	CBI
Rautaruukki	POH
Salzgitter	EQB
Semapa	CBI
Stora Enso	POH
Talvivaara Mining Co Plc	POH
Thyssenkrupp	EQB
Tubacex	BBO
Upm-Kymmene	POH
Biotechnology	**Mem(*)**
4Sc Ag	EQB
Bioalliance Pharma	CIC
Epigenomics Ag	EQB
Metabolic Explorer	CIC
Neovacs	CIC
Transgene	CIC
Wilex	EQB
Zeltia	BBO
Chemicals	**Mem(*)**
Air Liquide	CIC
Akzo Nobel	SNS
Basf	EQB
Dsm	SNS
Floridienne	BDG
Fuchs Petrolub	EQB
Henkel	EQB
Holland Colours	SNS
K+S Ag	EQB
Kemira	POH
Lanxess	EQB
Linde	EQB
Nanogate Ag	EQB
Recticel	BDG
Solvay	BDG
Symrise Ag	EQB
Tessenderlo	BDG
Tikkurila	POH
Umicore	BDG
Wacker Chemie	EQB
Electronic & Electrical Equi	**Mem(*)**
Agfa-Gevaert	BDG
Alstom	CIC
Areva	CIC
Barco	BDG
Euromicron Ag	EQB
Evs	BDG
Gemalto	CIC
Ingenico	CIC
Kontron	EQB
Lacie	CIC
Legrand	CIC
Mobotix Ag	EQB
Neways Electronics	SNS
Nexans	CIC
Pkc Group	POH
Rexel	CIC
Schneider Electric Sa	CIC
Vacon	POH
Vaisala	POH
Financial Services	**Mem(*)**
Ackermans & Van Haaren	BDG
Azimut	BAK
Banca Generali	BAK
Banca Ifis	BAK
Bb Biotech	EQB
Binckbank	SNS
Bois Sauvage	BDG
Bolsas Y Mercados Espanoles	BBO
Capman	POH
Cir	BAK
Comdirect	EQB
Corp. Financiera Alba	BBO
Dab Bank	EQB
Deutsche Boerse	EQB
Deutsche Forfait	EQB
Financiere De Tubize	BDG
Gbl	BDG
Gimv	BDG
Grenkeleasing Ag	EQB
Hellenic Exchanges	IBG
Kbc Ancora	BDG
Luxempart	BDG
Mlp	EQB
Patrizia Ag	EQB
Food & Beverage	**Mem(*)**
Acomo	SNS
Anheuser-Busch Inbev	BDG
Atria	POH
Baron De Ley	BBO
Baywa	EQB
Berentzen	EQB
Bonduelle	CIC
Campari	BAK
Campofrio	BBO
Coca Cola Hbc Ag	IBG
Csm	SNS
Danone	CIC
De Master Blenders 1753	SNS
Ebro Foods	BBO
Enervit	BAK
Fleury Michon	CIC
Forfarmers	SNS
Heineken	SNS
Hkscan	POH
Ktg Agrar	EQB
Lanson-Bcc	CIC
Laurent Perrier	CIC
Ldc	CIC
Lotus Bakeries	BDG
Natra	BBO
Naturex	CIC
Nestle	SNS
Nutreco	SNS
Olvi	POH
Parmalat	BAK
Pernod-Ricard	CIC
Pinguin	BDG
Raisio	POH
Remy Cointreau	CIC
Sipef	BDG
Ter Beke	BDG
Unilever	SNS
Vidrala	BBO
Vilmorin	CIC
Viscofan	BBO
Vranken Pommery Monopole	CIC
Wessanen	SNS
Food & Drug Retailers	**Mem(*)**
Ahold	SNS
Bim	IBG
Carrefour	CIC
Casino Guichard-Perrachon	CIC
Colruyt	BDG
Delhaize	BDG
Dia	BBO
Jeronimo Martins	CBI
Kesko	POH
Marr	BAK
Rallye	CIC
Sligro	SNS
Sonae	CBI

General Industrials	Mem(*)
Aalberts	SNS
Accell Group	SNS
Advanced Vision Technology	EQB
Ahlstrom	POH
Analytik Jena	EQB
Arcadis	SNS
Aspo	POH
Azkoyen	BBO
Bekaert	BDG
Evolis	CIC
Frigoglass	IBG
Huhtamäki	POH
Kendrion	SNS
Martifer Sgps Sa	CBI
Mifa	EQB
Nedap	SNS
Neopost	CIC
Pöyry	POH
Prelios	BAK
Resilux	BDG
Saf-Holland	EQB
Saft	CIC
Skw Stahl	EQB
Tessi	CIC
Tkh Group	SNS
Wendel	CIC

General Retailers	Mem(*)
Beter Bed Holding	SNS
D'Ieteren	BDG
Douglas Holding	EQB
Fielmann	EQB
Folli Follie Group	IBG
Fourlis Holdings	IBG
Inditex	BBO
Jacquet Metal Service	CIC
Jumbo	IBG
Macintosh	SNS
Rapala	POH
Stockmann	POH

Healthcare	Mem(*)
Ab-Biotics	BBO
Almirall	BBO
Amplifon	BAK
Arseus	BDG
Bayer	EQB
Biomerieux	CIC
Biotest	EQB
Cegedim	CIC
Celesio	EQB
Diasorin	BAK
Drägerwerk	EQB
Faes Farma	BBO
Fresenius	EQB
Fresenius Medical Care	EQB
Gerresheimer Ag	EQB
Grifols Sa	BBO
Korian	CIC
Laboratorios Rovi	BBO
Medica	CIC
Merck	EQB
Natraceutical Sa	BBO
Novartis	CIC
Oriola-Kd	POH
Orion	POH
Orpea	CIC
Recordati	BAK
Rhoen-Klinikum	EQB
Roche	CIC
Sanofi	CIC
Sorin	BAK
Stallergènes	CIC
Ucb	BDG

Hotels, Travel & Tourism	Mem(*)
Accor	CIC
Autogrill	BAK
Beneteau	CIC
Compagnie Des Alpes	CIC
Groupe Partouche	CIC
Gtech	BAK
I Grandi Viaggi	BAK
Ibersol	CBI
Intralot	IBG
Melia Hotels International	BBO
Nh Hoteles	BBO
Opap	IBG
Sodexo	CIC
Sonae Capital	CBI
Trigano	CIC
Tui	EQB

Household Goods	Mem(*)
Bic	CIC
De Longhi	BAK
Elica	BAK
Indesit	BAK
Seb Sa	CIC
U10	CIC

Industrial Engineering	Mem(*)
Accsys Technologies	SNS
Agta Record	CIC
Aixtron	EQB
Ansaldo Sts	BAK
Bauer Ag	EQB
Biesse	BAK
Cargotec Corp	POH
Cfao	CIC
Danieli	BAK
Datalogic	BAK
Delclima	BAK
Deutz Ag	EQB
Duro Felguera	BBO
Emak	BAK
Exel Composites	POH
Exel Industries	CIC
Faiveley	CIC
Fiat Industrial	BAK
Gea Group	EQB
Gesco	EQB
Gildemeister	EQB
Haulotte Group	CIC
Heidelberger Druck	EQB
Ima	BAK
Interpump	BAK
Khd Humboldt Wedag Internatio	EQB
Kone	POH
Konecranes	POH
Krones Ag	EQB
Kuka	EQB
Man	EQB
Manitou	CIC
Max Automation Ag	EQB
Metso	POH
Outotec	POH
Pfeiffer Vacuum	EQB
Ponsse	POH
Prima Industrie	BAK
Prysmian	BAK
Reesink	SNS
Sabaf	BAK
Schuler Ag	EQB
Singulus Technologies	EQB
Smt Scharf Ag	EQB
Ten Cate	SNS
Trilogiq	CIC
Vossloh	EQB
Wärtsilä	POH
Zardoya Otis	BBO

Industrial Transportation	Mem(*)
Bollore	CIC
Bpost	BDG
Caf	BBO
Deutsche Post	EQB
Gemina	BAK
Hes Beheer	SNS
Hhla	EQB
Logwin	EQB
Norbert Dentressangle	CIC
Postnl	SNS
Tnt Express	SNS

Insurance	Mem(*)
Aegon	SNS
Ageas	BDG
Allianz	EQB
Axa	CIC
Delta Lloyd	SNS
Fondiaria Sai	BAK
Generali	BAK
Hannover Re	EQB
Mapfre Sa	BBO
Mediolanum	BAK
Milano Assicurazioni	BAK
Munich Re	EQB
Sampo	POH
Talanx Group	EQB
Unipol	BAK
Zurich Financial Services	BAK

Materials, Construction &	Mem(*)
Abertis	BBO
Acs	BBO
Adp	CIC
Astaldi	BAK
Atlantia	BAK
Ballast Nedam	SNS
Bilfinger Se	EQB
Boskalis Westminster	SNS
Buzzi Unicem	BAK
Caverion	POH
Cfe	BDG
Ciments Français	CIC
Cramo	POH
Deceuninck	BDG
Eiffage	CIC
Ellaktor	IBG
Ezentis	BBO
Fcc	BBO
Ferrovial	BBO
Fraport	EQB
Gek Terna	IBG
Grontmij	SNS
Grupo San Jose	BBO
Heijmans	SNS
Hochtief	EQB
Holcim Ltd	CIC
Imerys	CIC
Impregilo	BAK
Italcementi	BAK
Lafarge	CIC
Lemminkäinen	POH
Maire Tecnimont	BAK
Mota Engil	CBI
Obrascon Huarte Lain	BBO
Ramirent	POH
Royal Bam Group	SNS
Sacyr Vallehermoso	BBO
Saint Gobain	CIC
Sias	BAK
Sonae Industria	CBI
Srv	POH
Thermador Groupe	CIC
Titan Cement	IBG
Trevi	BAK
Uponor	POH
Uzin Utz	EQB
Vbh Holding	EQB
Vicat	CIC
Vinci	CIC
Yit	POH

Media	**Mem(*)**	Bourbon	CIC	Vastned Retail	BDG	I.R.I.S.	BDG	Orange	CIC
Ad Pepper	EQB	Cgg	CIC	Vastned Retail Belgium	BDG	I:Fao Ag	EQB	Ote	IBG
Alma Media	POH	Fugro	SNS	Vib Vermoegen	EQB	Ict Automatisering	SNS	Portugal Telecom	CBI
Atresmedia	BBO	Saipem	BAK	Wdp	BDG	Indra Sistemas	BBO	Ses	CIC
Brill	SNS	Technip	CIC	**Renewable Energy**	**Mem(*)**	Neurones	CIC	Sonaecom	CBI
Cofina	CBI	Tecnicas Reunidas	BBO	Abengoa	BBO	Novabase Sgps	CBI	Telecom Italia	BAK
Editoriale L'Espresso	BAK	Tenaris	BAK	Biopetrol Industries	EQB	Ordina	SNS	Telefonica	BBO
Gl Events	CIC	Vallourec	CIC	Daldrup & Soehne	EQB	Psi	EQB	Telenet Group	BDG
Havas	CIC	Vopak	SNS	Deutsche Biogas	EQB	Realdolmen	BDG	Teliasonera	POH
Hi-Media	CIC	**Personal Goods**	**Mem(*)**	Enel Green Power	BAK	Reply	BAK	Tiscali	BAK
Impresa	CBI	Adidas	EQB	Gamesa	BBO	Rib Software	EQB	Turkcell	IBG
Ipsos	CIC	Adler Modemaerkte	EQB	Phoenix Solar	EQB	Seven Principles Ag	EQB	United Internet	EQB
Jcdecaux	CIC	Amer Sports	POH	Sma Solar Technology	EQB	Sii	CIC	Vodafone	BAK
Kinepolis	BDG	Basic Net	BAK	Solar-Fabrik	EQB	Sopra Group	CIC	Zon Multimedia	CBI
Lagardere	CIC	Beiersdorf	EQB	Solarworld	EQB	Steria	CIC	**Utilities**	**Mem(*)**
M6-Metropole Television	CIC	Geox	BAK	Solutronic	EQB	Tie Kinetix	SNS	A2A	BAK
Mediaset	BAK	Gerry Weber	EQB	Sunways	EQB	Tieto	POH	Acciona	BBO
Mediaset Espana	BBO	Hugo Boss	EQB	**Semiconductors**	**Mem(*)**	Tomtom	SNS	Acea	BAK
Meetic	CIC	Kering	CIC	Asm International	SNS	Transics	BDG	Albioma	CIC
Nextradiotv	CIC	Loewe	EQB	Asml	SNS	Unit4	SNS	E.On	EQB
Nostrum	BBO	Luxottica	BAK	Besi	SNS	Wincor Nixdorf	EQB	Edp	CBI
Nrj Group	CIC	Marimekko	POH	Melexis	BDG	**Support Services**	**Mem(*)**	Edp Renováveis	CBI
Publicis	CIC	Medion	EQB	Okmetic	POH	Batenburg	SNS	Elia	BDG
Rcs Mediagroup	BAK	Puma	EQB	Roodmicrotec	SNS	Brunel	SNS	Enagas	BBO
Reed Elsevier N.V.	SNS	Safilo	BAK	Stmicroelectronics	BAK	Bureau Veritas S.A.	CIC	Endesa	BBO
Roularta	BDG	Salvatore Ferragamo	BAK	Suess Microtec	EQB	Dpa	SNS	Enel	BAK
Rtl Group	BDG	Sarantis	IBG	**Software & Computer Ser**	**Mem(*)**	Edenred	CIC	Falck Renewables	BAK
Sanoma	POH	Tod'S	BAK	Affecto	POH	Ei Towers	BAK	Fluxys	BDG
Solocal Group	CIC	Van De Velde	BDG	Akka Technologies	CIC	Fiera Milano	BAK	Fortum	POH
Spir Communication	CIC	Zucchi	BAK	Alten	CIC	Imtech	SNS	Gas Natural Fenosa	BBO
Talentum	POH	**Real Estate**	**Mem(*)**	Altran	CIC	Lassila & Tikanoja	POH	Gdf Suez	CIC
Telegraaf Media Groep	SNS	Aedifica	BDG	Amadeus	BBO	Prosegur	BBO	Hera	BAK
Teleperformance	CIC	Ascencio	BDG	Atos	CIC	Randstad	SNS	Iberdrola	BBO
Tf1	CIC	Atenor	BDG	Basware	POH	Usg People	SNS	Iren	BAK
Ti Media	BAK	Banimmo	BDG	Beta Systems Software	EQB	**Telecom Equipment**	**Mem(*)**	Public Power Corp	IBG
Ubisoft	CIC	Befimmo	BDG	Bull	CIC	Alcatel-Lucent	CIC	Red Electrica De Espana	BBO
Vivendi	CIC	Beni Stabili	BAK	Capgemini	CIC	Ericsson	POH	Ren	CBI
Wolters Kluwer	SNS	Citycon	POH	Cegid	CIC	Gigaset	EQB	Rwe	EQB
Oil & Gas Producers	**Mem(*)**	Cofinimmo	BDG	Cenit	EQB	Nokia	POH	Snam	BAK
Eni	BAK	Corio	BDG	Comptel	POH	Teleste	POH	Suez Environnement	CIC
Galp Energia	CBI	Deutsche Euroshop	EQB	Dassault Systemes	CIC	**Telecommunications**	**Mem(*)**	Terna	BAK
Gas Plus	BAK	Home Invest Belgium	BDG	Digia	POH	Acotel	BAK	Veolia Environnement	CIC
Hellenic Petroleum	IBG	Igd	BAK	Docdata	SNS	Belgacom	BDG		
Maurel Et Prom	CIC	Intervest Offices & Warehouses	BDG	Ekinops	CIC	Bouygues	CIC		
Motor Oil	IBG	Ivg Immobilien Ag	EQB	Engineering	BAK	Deutsche Telekom	EQB		
Neste Oil	POH	Leasinvest Real Estate	BDG	Esi Group	CIC	Elisa	POH		
Petrobras	CBI	Montea	BDG	Exact Holding Nv	SNS	Eutelsat Communications Sa	CIC		
Qgep	CBI	Realia	BBO	F-Secure	POH	Freenet	EQB		
Repsol	BBO	Retail Estates	BDG	Gameloft	CIC	Gowex	BBO		
Total	CIC	Sponda	POH	Gft Technologies	EQB	Iliad	CIC		
Tupras	IBG	Technopolis	POH	Groupe Open	CIC	Jazztel	BBO		
Oil Services	**Mem(*)**	Unibail-Rodamco	BDG	Guillemot Corporation	CIC	Mobistar	BDG		

LEGEND: BAK: Banca Akros; BDG: Bank Degroof; BBO: Bankia Bolsa; CIC: CM CIC Securities; CBI: Caixa-Banca de Investimento; EQB: Equinet bank; IBG: Investment Bank of Greece, POH: Pohjola Bank; SNS: SNS Securities

as of 1st August 2013

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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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- **Hold**: the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
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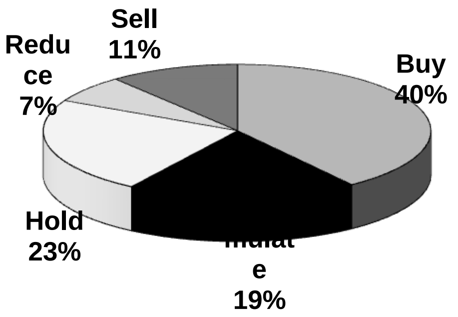
Equinet Bank Ratings Breakdown



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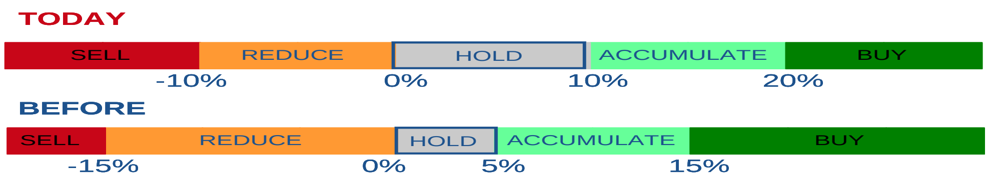
- Recommendations Total Return Range changed as below:



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