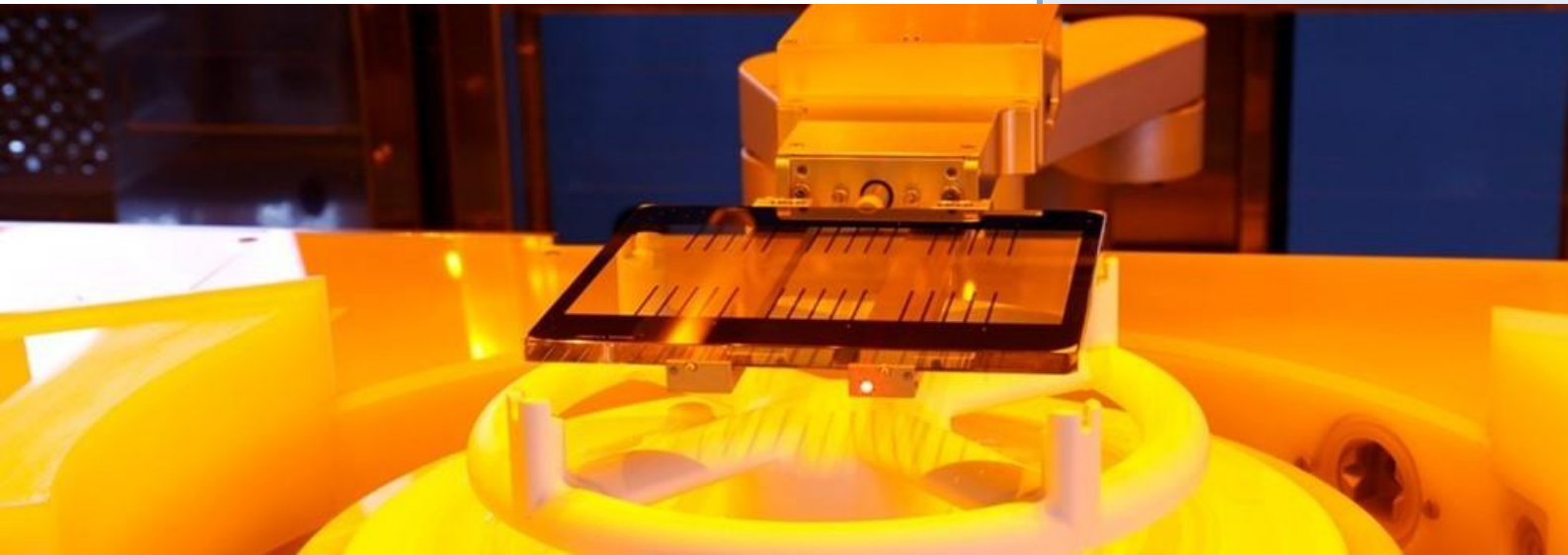


SUESS MicroTec SE

Germany | Technology | MCap EUR 923.3m

8 May 2024

UPDATE



Final Q1 confirm investment case; est./PT up; BUY

What's it all about?

Suess MicroTec reported final Q1 figures, which beat expectations at the time of the pre-announcement with a remarkable 46% revenue growth and margins above the upper end of the guidance range, marking a strong start to FY24. Only operating cash flow was a slight disappointment due to lower prepayments received. Advanced Backend Solutions in particular surprised positively, with order intake benefiting from the ongoing AI boom and margins boosted by operating leverage and production efficiencies. Forecasts from major high bandwidth memory (HBM) producers Micron and Samsung point to sustained demand for HBM, supporting Süss MicroTec's growth trajectory. The confirmed guidance now appears conservative, prompting us to raise our estimates, resulting in a new PT of EUR 55.00 (old: EUR 44.00). We reiterate our BUY recommendation.

BUY (BUY)

Target price	EUR 55.00 (44.00)
Current price	EUR 48.30
Up/downside	13.9%

 ResearchHub 



MAIN AUTHOR

Dr. Oliver Wojahn, CFA

o.wojahn@mwb-research.com
+49 40 309 293-58

SUESS MicroTec SE

Germany | Technology | MCap EUR 923.3m | EV EUR 900.8m

BUY (BUY)

Target price EUR 55.00 (44.00)
Current price EUR 48.30
Up/downside 13.9%

MAIN AUTHOR

Dr. Oliver Wojahn, CFA
o.wojahn@mwb-research.com
+49 40 309 293-58

Final Q1 confirms investment case; est./PT up; BUY

Final Q1 reported. Sues MicroTec reported final Q1 figures after already reporting sales, order intake, gross and EBIT margin in a pre-release on 18 April. At the time of the pre-release, the reported figures beat expectations. Overall, sales growth of 46% and margins well above the upper end of the guidance range represent a very good start to FY24. Only the Q1 operating cash flow of EUR -2.7m was below expectations due to a decrease in advanced payments received.

Photomask Solutions backlog remains high. Photomask Solutions order intake declined by 13% yoy (book-to-bill ratio 0.9x). However, the order backlog of EUR 162m is still up 10% yoy and covers approximately 1.8x FY23 sales in this division. The backlog is spread across 2024 and 2025. The EBIT margin has recovered to levels last seen in 2022, supported by higher sales volumes and a favorable product and customer mix.

Advanced Backend margins surprise positively. Advanced Backend's order intake increased by 15% yoy, resulting in a book-to-bill ratio of 1.1. While order intake in the lithography product lines Imaging and Coating declined by almost 1/3, reflecting the general semiconductor market situation, order intake in Bonders tripled yoy and contributed more than half of Advanced Backend order intake in Q1. The main drivers were High Bandwidth Memory (HBM) customers expanding their capacity for AI chiplets, a trend that is expected to continue for an extended period (see discussion below). This was complemented by the acquisition of two new temporary bonding customers, including one for the production of SiC chips on 200mm wafers. The Advanced Backend gross margin of 44.5% (Q1 23: 36.3%) was a positive surprise, supported by operational leverage and production efficiencies. This also led to a strong increase in the EBIT margin of 11 ppt yoy to 12.8%.

- continued next page -



Source: Company data, mwb research

High/low 52 weeks 48.50 / 15.02
Price/Book Ratio 5.2x

Ticker / Symbols

ISIN DE000A1K0235
WKN A1K023
Bloomberg SMHN:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	356.0	41.3	4.62
	Δ	3.8%	8.3%	2.9%
2025E	old	402.3	57.1	2.25
	Δ	3.8%	5.3%	5.3%
2026E	old	432.4	61.8	2.44
	Δ	7.2%	18.5%	18.5%

Key share data

Number of shares: (in m pcs) 19.12
Book value per share: (in EUR) 9.24
Ø trading vol.: (12 months) 88,498

Major shareholders

Kempen 10.0%
Gerlin 7.5%
Janus Henderson 5.0%
Universal Invest 4.7%
Goldman Sachs 5.4%
Free Float 67.3%

Company description

SUESS MicroTec SE is a Germany-based company that supplies process equipment to the frontend and advanced backend of the semiconductor industry. The Group operates through two segments: Advanced Backend and Photomask Solutions.

SUESS MicroTec SE	2021	2022	2023	2024E	2025E	2026E
Sales	263.4	260.0	304.3	369.7	417.7	463.7
Growth yoy	4.5%	-1.3%	17.0%	21.5%	13.0%	11.0%
EBITDA	29.5	37.4	34.7	51.8	68.2	82.4
EBIT	22.5	31.5	27.8	44.7	60.2	73.3
Net profit	16.0	24.5	4.7	90.9	45.2	55.2
Net debt (net cash)	-35.1	-30.0	-24.1	-124.9	-138.1	-171.6
Net debt/EBITDA	-1.2x	-0.8x	-0.7x	-2.4x	-2.0x	-2.1x
EPS reported	0.83	1.22	0.91	4.75	2.37	2.89
DPS	0.16	0.20	0.20	1.05	0.52	0.64
Dividend yield	0.3%	0.4%	0.4%	2.2%	1.1%	1.3%
Gross profit margin	35.8%	38.7%	34.1%	37.5%	38.8%	40.0%
EBITDA margin	11.2%	14.4%	11.4%	14.0%	16.3%	17.8%
EBIT margin	8.5%	12.1%	9.1%	12.1%	14.4%	15.8%
ROCE	11.8%	13.9%	12.9%	14.5%	18.0%	19.4%
EV/EBITDA	30.2x	24.0x	26.0x	15.5x	11.5x	9.1x
EV/EBIT	39.7x	28.5x	32.4x	17.9x	13.1x	10.3x
PER	57.9x	37.6x	196.6x	10.2x	20.4x	16.7x
FCF yield	2.0%	2.6%	0.4%	10.1%	4.4%	5.6%

Source: Company data, mwb research

The AI boom looks set to continue for years. In FY23, more than 30% of Süss MicroTec's order intake was directly related to AI applications, where the systems are mainly used for HBM production, but also for packaging in TSMC's CoWoS process for the production of Nvidia's latest AI chips. In its 18 April earnings call, TSMC forecast the revenue contribution from AI processors to grow at a CAGR of 50% over the next 5 years. We believe that in HBM, Süss MicroTec has two core customers, Micron Technology and Samsung Electronics, which recently commented on their expectations for HBM in their respective earnings calls.

Micron is sold out for 2024, Samsung doubles supply in 2025. In its earnings call on 20 March, Micron Technology management provided further insight into current HBM trends and expectations. The company stated that the industry is in the "very early innings" of a multi-year growth phase driven by AI, which will require ever larger model sizes with trillions of parameters, driving demand growth for the foreseeable future. The company also sees a trend of steadily increasing HBM content per GPU. Micron's HBM is sold out for the 2024 calendar year and the vast majority of the 2025 supply has already been allocated. Interestingly, a question on the call also suggested that the biggest bottleneck for HBM supply today is probably in back-end capacity, where Süss MicroTec's equipment is used. Samsung struck a similarly positive note in its 30 April conference call. The company will continue to increase HBM supply and expand capacity to meet the growing demand for generative AI. In 2024, Samsung will triple HBM bit supply, and in 2025, Samsung expects to increase supply by at least two times or more year-on-year. These forecasts suggest that strong AI demand could drive Süss MicroTec's order intake not only over the next few quarters, but for several years. This should also benefit the company's pricing power.

Confirmed guidance now looks conservative, est./PT up, confirm BUY. Süss MicroTec confirmed its guidance of revenues in the range of EUR 340-370m, a gross margin of 35-38% (Q1 reported: 39.1%) and an EBIT margin of 10-12% (Q1 reported: 15.9%). Q1 sales already represent more than 25% of the upper end of the full year guidance, compared to around 20% in the last 5 years. Gross margin and EBIT margin in Q1 were also well above the upper end of the full year guidance. While Süss MicroTec still expects additional expenses related to the growth transformation for the rest of the year, the guidance now looks increasingly conservative, and we are adjusting our estimates towards the upper end of the range. We also upgrade the following years, expecting continued momentum from AI driven order activity. With significant potential both for margin and multiple expansion, investors have a double lever to valuation. We upgrade our price target to EUR 55.00 (old: EUR 44.00) and reiterate to BUY.

The following table displays the quarterly performance of **SUESS MicroTec SE**.

P&L data	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Sales	61.5	70.5	103.9	64.0	74.1	70.0	103.1	93.5
yoy growth in %	-6.6%	0.7%	38.6%	1.1%	20.6%	-0.7%	-0.8%	46.0%
Gross profit	17.2	21.9	39.5	22.0	23.9	20.6	35.9	36.6
Gross margin in %	28.0%	31.1%	38.0%	34.3%	32.2%	29.4%	34.8%	39.1%
EBITDA	3.6	7.9	24.8	5.5	11.0	3.1	14.5	16.7
EBITDA margin in %	5.8%	11.2%	23.9%	8.6%	14.9%	4.4%	14.1%	17.9%
EBIT	1.3	5.5	22.6	3.8	8.6	1.3	11.5	14.9
EBIT margin in %	2.1%	7.7%	21.8%	6.0%	11.6%	1.9%	11.2%	15.9%
EBT	1.1	5.5	22.6	3.8	8.7	1.4	11.5	15.2
taxes paid	0.7	2.2	4.5	0.8	1.5	1.0	3.2	4.9
tax rate in %	59.0%	40.9%	19.7%	20.2%	16.6%	73.4%	28.0%	31.8%
net profit	2.2	3.6	17.3	3.0	4.1	0.4	-2.8	10.4
yoy growth in %	-48.6%	-48.9%	344.5%	114.0%	85.7%	-88.9%	na%	373.5%
EPS	0.14	0.21	0.48	0.16	0.21	0.02	-0.15	0.54

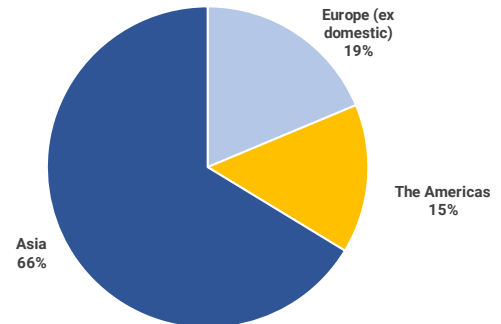
Source: Company data; mwb research

Investment case in six charts

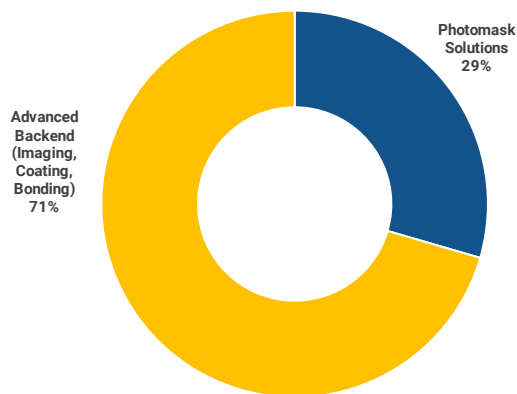
Products & Services



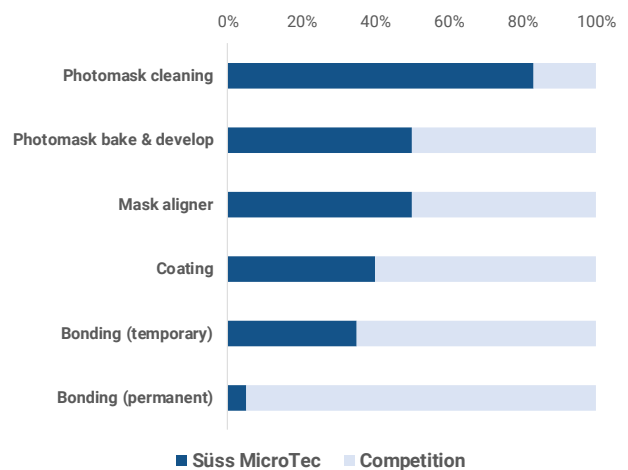
Regional sales split in % (FY23)



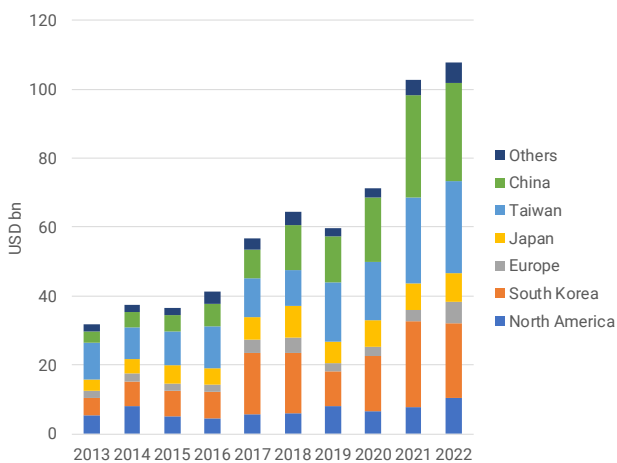
Segmental breakdown in % (FY23)



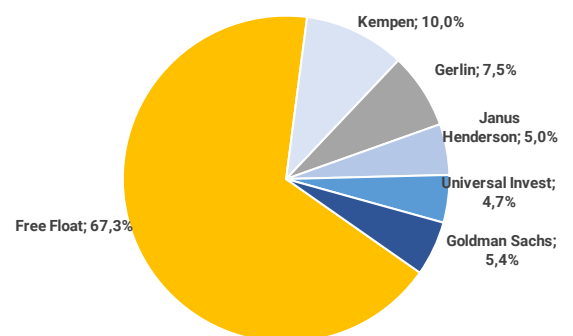
Market shares (est. mwb research based on CMD)



Semiconductor Equipment Market



Major Shareholders



Source: Company data; mwb research

SWOT analysis

Strengths

- Domination of niche markets with limited competition
- Innovative, almost 20% of personnel in R&D
- Growth possible with limited capex
- Transparent capital market communication
- Clear commitment to short-, medium- and long-term goals

Weaknesses

- Boardroom reshuffling
- Shrinking market for mask aligners

Opportunities

- Hybrid Bonding and Wafer Cleaning with disruptive potential
- New platform strategy improving margins
- Decoupling and nearshoring driving U.S. and European invest
- Addressing the high-growth subsegments of the backend

Threats

- Inherently cyclical semiconductor equipment market
- Failure of new products

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 33.02 per share based on 2024E and EUR 75.37 per share on 2028E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2024E	2025E	2026E	2027E	2028E
EBITDA	51.8	68.2	82.4	97.4	111.7
- Maintenance capex	5.6	6.6	7.7	8.8	10.0
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	10.9	14.7	18.0	21.4	24.6
= Adjusted FCF	35.2	46.9	56.8	67.2	77.2
Actual Market Cap	923.3	923.3	923.3	923.3	923.3
+ Net debt (cash)	-124.9	-138.1	-171.6	-212.1	-279.7
+ Pension provisions	1.9	2.2	2.4	2.7	3.0
+ Off b/s financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	1.2	1.2	1.2	1.2	1.2
- Acc. dividend payments	3.8	23.9	33.8	46.0	60.5
<i>EV Reconciliations</i>	-128.0	-160.9	-204.3	-256.6	-338.4
= Actual EV'	795.3	762.3	719.0	666.6	584.9
Adjusted FCF yield	4.4%	6.1%	7.9%	10.1%	13.2%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	503.2	669.6	811.6	960.7	1,102.4
- <i>EV Reconciliations</i>	-128.0	-160.9	-204.3	-256.6	-338.4
Fair Market Cap	631.2	830.5	1,015.9	1,217.3	1,440.8
No. of shares (million)	19.1	19.1	19.1	19.1	19.1
Fair value per share in EUR	33.02	43.45	53.14	63.68	75.37
Premium (-) / discount (+)	-31.6%	-10.0%	10.0%	31.8%	56.1%

Sensitivity analysis fair value						
		5.0%	6.0%	7.0%	8.0%	9.0%
Adjusted hurdle rate	5.0%	43.6	57.5	70.1	83.8	98.4
	6.0%	37.4	49.3	60.2	72.1	85.0
	7.0%	33.0	43.4	53.1	63.7	75.4
	8.0%	29.7	39.1	47.8	57.4	68.2
	9.0%	27.2	35.7	43.7	52.5	62.6

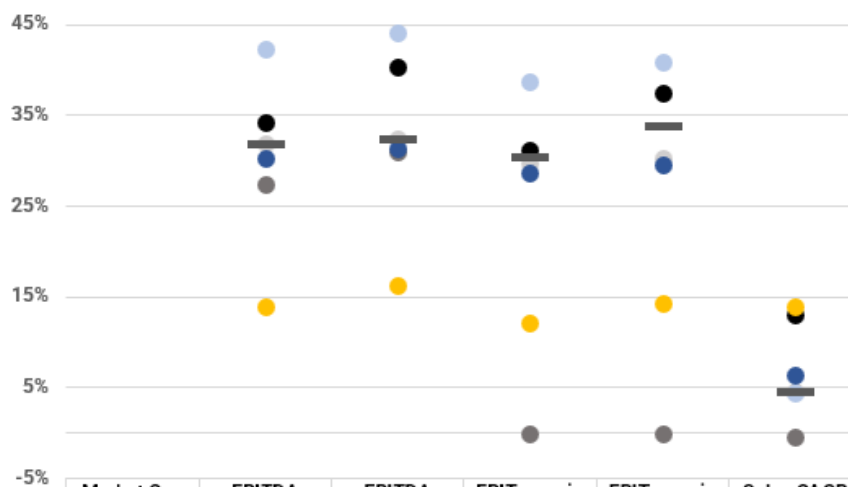
Source: Company data; mwb research

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Peer group analysis

A peer group or comparable company (“comps”) analysis is a methodology that calculates a company’s relative value – how much it should be worth based on how it compares to other similar companies. Given that **SUESS MicroTec SE** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of SUESS MicroTec SE consists of the stocks displayed in the graphs below. As of 8 May 2024 the median market cap of the peer group was EUR 112,254.5m, compared to EUR 923.3m for SUESS MicroTec SE. In the period under review, the peer group was more profitable than SUESS MicroTec SE. The expectations for sales growth are lower for the peer group than for SUESS MicroTec SE.

Peer Group – Key data



8-May-24

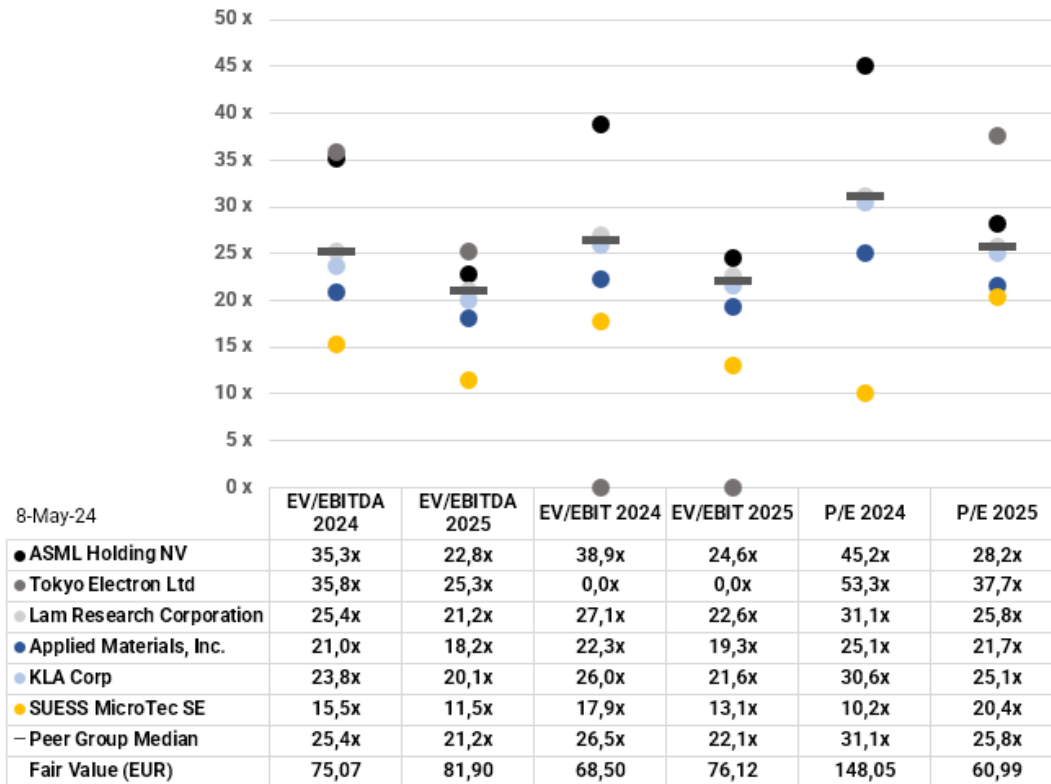
	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
● ASML Holding NV	336.061	34,4%	40,4%	31,2%	37,5%	13,0%
● Tokyo Electron Ltd	102.919	27,5%	30,9%	0,0%	0,0%	-0,4%
● Lam Research Corporation	112.254	31,9%	32,5%	29,9%	30,3%	4,5%
● Applied Materials, Inc.	159.996	30,4%	31,4%	28,6%	29,7%	6,4%
● KLA Corp	89.324	42,4%	44,1%	38,8%	40,9%	4,5%
● SUESS MicroTec SE	923	14,0%	16,3%	12,1%	14,4%	14,0%
— Peer Group Median	112.254	31,9%	32,5%	30,5%	33,9%	4,5%

Source: AlphaSense, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to SUESS MicroTec SE results in a range of fair values from EUR 60.99 to EUR 148.05.

Peer Group – Multiples and valuation

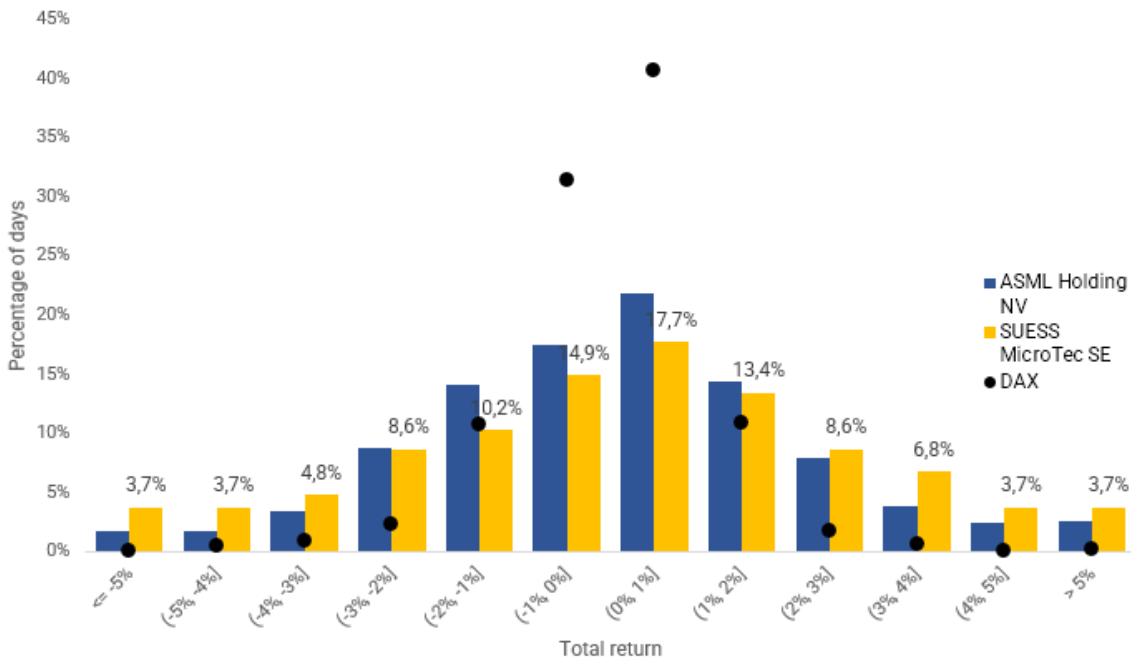


Source: AlphaSense, mwb research

Risk

The chart displays the **distribution of daily returns of SUESS MicroTec SE** over the last 3 years, compared to the same distribution for ASML Holding NV. We have also included the distribution for the index DAX. The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For SUESS MicroTec SE, the worst day during the past 3 years was 26/10/2023 with a share price decline of -17.7%. The best day was 08/11/2023 when the share price increased by 20.0%.

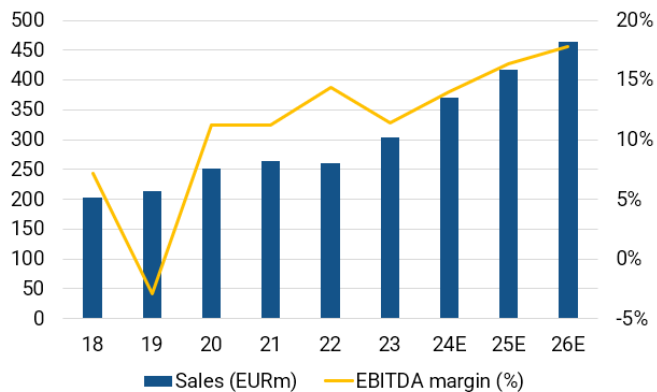
Risk – Daily Returns Distribution (trailing 3 years)



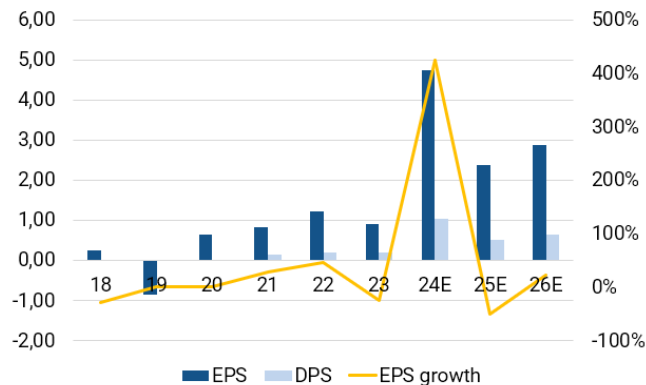
Source: AlphaSense, mwb research

Financials in six charts

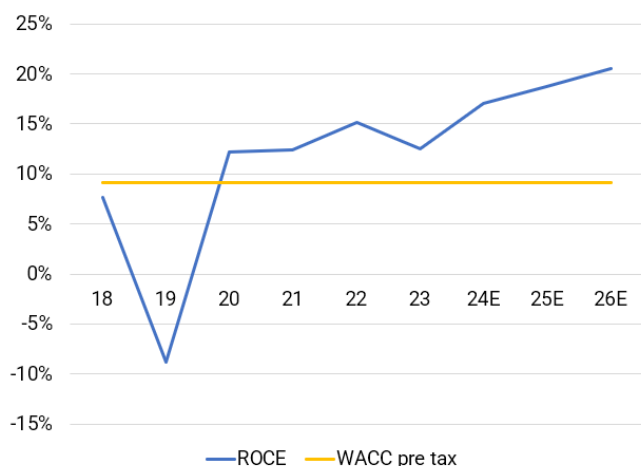
Sales vs. EBITDA margin development



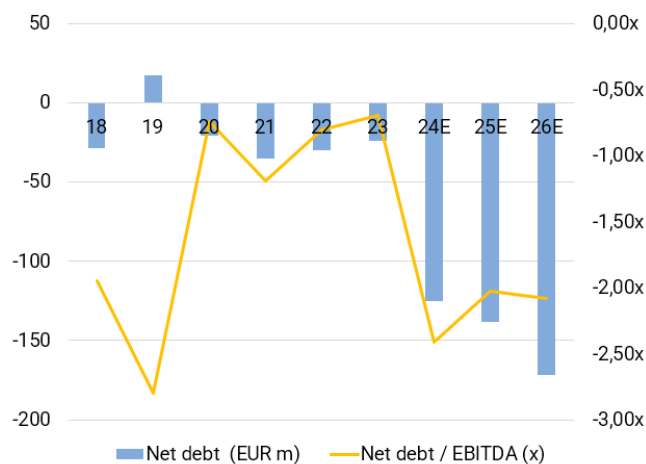
EPS, DPS in EUR & yoy EPS growth



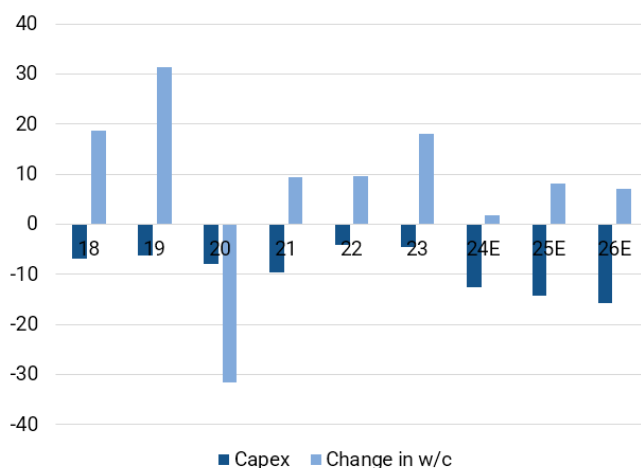
ROCE vs. WACC (pre tax)



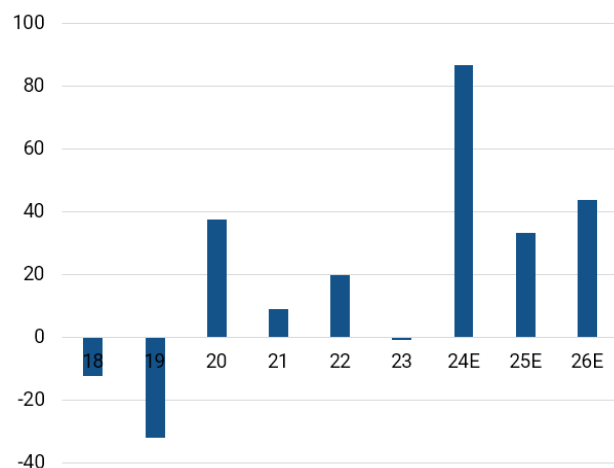
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Sales	263.4	260.0	304.3	369.7	417.7	463.7
Sales growth	4.5%	-1.3%	17.0%	21.5%	13.0%	11.0%
Cost of sales	169.2	159.3	200.4	231.0	255.7	278.2
Gross profit	94.2	100.6	103.9	138.6	162.1	185.5
SG&A expenses	47.8	40.7	45.6	53.6	59.7	65.8
Research and development	22.1	28.7	31.3	38.4	40.1	44.1
Other operating expenses (income)	1.8	-0.2	-0.8	1.8	2.1	2.3
EBITDA	29.5	37.4	34.7	51.8	68.2	82.4
Depreciation	6.4	5.0	5.3	5.6	6.6	7.7
EBITA	23.2	32.4	29.3	46.2	61.6	74.8
Amortisation of goodwill and intangible assets	0.7	1.0	1.5	1.4	1.4	1.5
EBIT	22.5	31.5	27.8	44.7	60.2	73.3
Financial result	-0.5	-0.3	0.5	-0.2	-0.2	-0.1
Recurring pretax income from continuing operations	22.0	31.2	28.3	44.5	60.0	73.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	22.0	31.2	28.3	44.5	60.0	73.2
Taxes	6.1	7.9	11.0	10.9	14.7	18.0
Net income from continuing operations	16.0	23.3	17.3	33.6	45.2	55.2
Result from discontinued operations (net of tax)	0.0	1.3	-12.6	57.3	0.0	0.0
Net income	16.0	24.5	4.7	90.9	45.2	55.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	16.0	24.5	4.7	90.9	45.2	55.2
Average number of shares	19.12	19.12	19.12	19.12	19.12	19.12
EPS reported	0.83	1.22	0.91	4.75	2.37	2.89

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Sales	100%	100%	100%	100%	100%	100%
Cost of sales	64%	61%	66%	63%	61%	60%
Gross profit	36%	39%	34%	38%	39%	40%
SG&A expenses	18%	16%	15%	14%	14%	14%
Research and development	8%	11%	10%	10%	10%	9%
Other operating expenses (income)	1%	-0%	-0%	0%	1%	1%
EBITDA	11%	14%	11%	14%	16%	18%
Depreciation	2%	2%	2%	2%	2%	2%
EBITA	9%	12%	10%	12%	15%	16%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	9%	12%	9%	12%	14%	16%
Financial result	-0%	-0%	0%	-0%	-0%	-0%
Recurring pretax income from continuing operations	8%	12%	9%	12%	14%	16%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	8%	12%	9%	12%	14%	16%
Taxes	2%	3%	4%	3%	4%	4%
Net income from continuing operations	6%	9%	6%	9%	11%	12%
Result from discontinued operations (net of tax)	0%	0%	-4%	15%	0%	0%
Net income	6%	9%	2%	25%	11%	12%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	6%	9%	2%	25%	11%	12%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	5.6	5.9	5.5	5.6	5.9	6.2
Goodwill	18.4	18.6	18.5	18.5	18.5	18.5
Property, plant and equipment	44.5	48.9	31.1	36.6	42.6	48.8
Financial assets	1.8	1.8	1.2	1.2	1.2	1.2
FIXED ASSETS	70.3	75.1	56.3	61.9	68.1	74.7
Inventories	99.5	150.5	166.7	183.6	203.1	221.0
Accounts receivable	47.4	57.0	52.9	64.3	72.7	80.7
Other current assets	0.0	0.0	33.9	33.9	33.9	33.9
Liquid assets	53.4	61.9	49.0	134.3	145.0	176.1
Deferred taxes	0.0	0.1	0.1	0.1	0.1	0.1
Deferred charges and prepaid expenses	8.4	8.5	10.8	13.1	14.8	16.4
CURRENT ASSETS	208.8	278.0	313.4	429.3	469.5	528.2
TOTAL ASSETS	279.2	353.2	369.7	491.2	537.6	602.9
SHAREHOLDERS EQUITY	156.9	177.7	176.6	281.6	306.9	352.1
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	14.9	16.2	11.9	9.4	6.9	4.4
Provisions for pensions and similar obligations	5.3	5.0	1.6	1.9	2.2	2.4
Other provisions	9.6	11.6	12.9	15.7	17.7	19.6
Non-current liabilities	29.9	32.8	26.4	27.0	26.8	26.5
short-term liabilities to banks	3.4	15.8	13.0	0.0	0.0	0.0
Accounts payable	24.9	27.1	27.1	31.3	34.6	37.6
Advance payments received on orders	36.7	77.9	87.0	105.8	119.5	132.6
Other liabilities (incl. from lease and rental contracts)	14.0	8.8	20.4	24.8	28.0	31.1
Deferred taxes	9.0	7.0	11.8	11.8	11.8	11.8
Deferred income	4.5	6.0	7.3	8.9	10.1	11.2
Current liabilities	92.4	142.6	166.7	182.5	204.0	224.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	279.2	353.2	369.7	491.2	537.6	602.9

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	2%	2%	1%	1%	1%	1%
Goodwill	7%	5%	5%	4%	3%	3%
Property, plant and equipment	16%	14%	8%	7%	8%	8%
Financial assets	1%	1%	0%	0%	0%	0%
FIXED ASSETS	25%	21%	15%	13%	13%	12%
Inventories	36%	43%	45%	37%	38%	37%
Accounts receivable	17%	16%	14%	13%	14%	13%
Other current assets	0%	0%	9%	7%	6%	6%
Liquid assets	19%	18%	13%	27%	27%	29%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	2%	3%	3%	3%	3%
CURRENT ASSETS	75%	79%	85%	87%	87%	88%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	56%	50%	48%	57%	57%	58%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	5%	5%	3%	2%	1%	1%
Provisions for pensions and similar obligations	2%	1%	0%	0%	0%	0%
Other provisions	3%	3%	3%	3%	3%	3%
Non-current liabilities	11%	9%	7%	5%	5%	4%
short-term liabilities to banks	1%	4%	4%	0%	0%	0%
Accounts payable	9%	8%	7%	6%	6%	6%
Advance payments received on orders	13%	22%	24%	22%	22%	22%
Other liabilities (incl. from lease and rental contracts)	5%	2%	6%	5%	5%	5%
Deferred taxes	3%	2%	3%	2%	2%	2%
Deferred income	2%	2%	2%	2%	2%	2%
Current liabilities	33%	40%	45%	37%	38%	37%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	16.0	24.5	4.7	90.9	45.2	55.2
Depreciation of fixed assets (incl. leases)	6.4	5.0	5.3	5.6	6.6	7.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.7	1.0	1.5	1.4	1.4	1.5
Others	4.8	3.1	10.2	3.1	2.3	2.2
Cash flow from operations before changes in w/c	27.9	33.6	21.7	101.0	55.6	66.5
Increase/decrease in inventory	-29.5	-48.2	-29.4	-16.9	-19.5	-17.9
Increase/decrease in accounts receivable	1.9	-4.4	-2.4	-11.4	-8.4	-8.0
Increase/decrease in accounts payable	14.5	4.6	1.7	4.2	3.3	3.1
Increase/decrease in other w/c positions	3.7	38.2	12.2	22.4	16.4	15.7
Increase/decrease in working capital	-9.5	-9.6	-18.0	-1.7	-8.2	-7.2
Cash flow from operating activities	18.4	23.9	3.7	99.3	47.4	59.4
CAPEX	-9.6	-4.1	-4.6	-12.6	-14.2	-15.8
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	-9.9	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	-3.7	-3.6	18.0	0.0	0.0
Cash flow from investing activities	-9.6	-17.8	-8.2	5.4	-14.2	-15.8
Cash flow before financing	8.8	6.1	-4.4	104.7	33.2	43.6
Increase/decrease in debt position	-3.8	-2.9	-3.4	-15.5	-2.5	-2.5
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	-3.1	-3.8	-3.8	-20.0	-10.0
Others	0.0	-0.8	-0.8	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.4	-0.0	-0.2	0.0	0.0	0.0
Cash flow from financing activities	-3.5	-6.8	-8.2	-19.3	-22.5	-12.5
Increase/decrease in liquid assets	5.3	-0.7	-12.7	85.3	10.6	31.1
Liquid assets at end of period	52.1	51.4	38.7	124.0	134.7	165.7

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0
Europe (ex domestic)	57.7	52.3	56.9	18.5	20.9	23.2
The Americas	30.8	33.0	45.6	37.0	41.8	46.4
Asia	174.7	174.7	201.7	314.2	355.1	394.1
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	263.4	260.0	304.3	369.7	417.7	463.7

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	21.9%	20.1%	18.7%	5.0%	5.0%	5.0%
The Americas	11.7%	12.7%	15.0%	10.0%	10.0%	10.0%
Asia	66.3%	67.2%	66.3%	85.0%	85.0%	85.0%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	0.83	1.28	0.25	4.75	2.37	2.89
Cash flow per share	0.96	1.25	0.20	4.90	2.14	2.71
Book value per share	8.21	9.30	9.24	14.73	16.05	18.42
Dividend per share	0.16	0.20	0.20	1.05	0.52	0.64
Valuation						
P/E	57.9x	37.6x	196.6x	10.2x	20.4x	16.7x
P/CF	50.1x	38.6x	247.0x	9.9x	22.6x	17.8x
P/BV	5.9x	5.2x	5.2x	3.3x	3.0x	2.6x
Dividend yield (%)	0.3%	0.4%	0.4%	2.2%	1.1%	1.3%
FCF yield (%)	2.0%	2.6%	0.4%	10.1%	4.4%	5.6%
EV/Sales	3.4x	3.5x	3.0x	2.2x	1.9x	1.6x
EV/EBITDA	30.2x	24.0x	26.0x	15.5x	11.5x	9.1x
EV/EBIT	39.7x	28.5x	32.4x	17.9x	13.1x	10.3x
Income statement (EURm)						
Sales	263.4	260.0	304.3	369.7	417.7	463.7
yoy chg in %	4.5%	-1.3%	17.0%	21.5%	13.0%	11.0%
Gross profit	94.2	100.6	103.9	138.6	162.1	185.5
Gross margin in %	35.8%	38.7%	34.1%	37.5%	38.8%	40.0%
EBITDA	29.5	37.4	34.7	51.8	68.2	82.4
EBITDA margin in %	11.2%	14.4%	11.4%	14.0%	16.3%	17.8%
EBIT	22.5	31.5	27.8	44.7	60.2	73.3
EBIT margin in %	8.5%	12.1%	9.1%	12.1%	14.4%	15.8%
Net profit	16.0	24.5	4.7	90.9	45.2	55.2
Cash flow statement (EURm)						
CF from operations	18.4	23.9	3.7	99.3	47.4	59.4
Capex	-9.6	-4.1	-4.6	-12.6	-14.2	-15.8
Maintenance Capex	0.0	0.0	0.0	5.6	6.6	7.7
Free cash flow	8.8	19.8	-0.9	86.7	33.2	43.6
Balance sheet (EURm)						
Intangible assets	24.0	24.4	24.0	24.1	24.4	24.7
Tangible assets	44.5	48.9	31.1	36.6	42.6	48.8
Shareholders' equity	156.9	177.7	176.6	281.6	306.9	352.1
Pension provisions	5.3	5.0	1.6	1.9	2.2	2.4
Liabilities and provisions	33.3	48.6	39.4	27.0	26.8	26.5
Net financial debt	-35.1	-30.0	-24.1	-124.9	-138.1	-171.6
w/c requirements	85.4	102.5	105.5	110.9	121.7	131.4
Ratios						
ROE	10.2%	13.8%	2.7%	32.3%	14.7%	15.7%
ROCE	11.8%	13.9%	12.9%	14.5%	18.0%	19.4%
Net gearing	-22.4%	-16.9%	-13.6%	-44.4%	-45.0%	-48.8%
Net debt / EBITDA	-1.2x	-0.8x	-0.7x	-2.4x	-2.0x	-2.1x

Source: Company data; mwb research

Conflicts of interest

Disclosures regarding research publications of mwb research AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures. It is essential that any research recommendation is fairly presented and discloses interests of and indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analyzed company. Further to this, under the FCA's rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if mwb research AG

- (1) or its affiliate(s) (either in its own right or as part of a consortium) within the past twelve months, acquired the financial instruments of the analyzed company,
- (2) has entered into an agreement on the production of the research report with the analyzed company,
- (3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analyzed company or have received services or a promise of services under the terms of such an agreement,
- (4) or its affiliate(s) holds a) 5% or more of the share capital of the analyzed company, or b) the analyzed company holds 5% or more of the share capital of mwb research AG or its affiliate(s),
- (5) or its affiliate(s) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analyzed company or derivatives thereof,
- (6) or its affiliate(s) is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analyzed company such as, for example, exercising mandates in the interest of the analyzed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
SUESS MicroTec SE	7,8

Important disclosures

1. General Information/Liabilities This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by mwb research AG, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of mwb research AG. Reproduction of this document, in whole or in part, is not permitted without prior permission mwb research AG. All rights reserved. Under no circumstances shall mwb research AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analyzed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organizational Requirements mwb research AG took internal organizational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of mwb research AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

4. Information Concerning the Methods of Valuation/Update The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made. The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate. The operating cash flow is calculated as EBITDA less maintenance capex and taxes. Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value. Detailed information on the valuation principles and methods used and the underlying assumptions can be found at <https://www.mwb.-research.com>.

mwb research AG uses the following three-step rating system for the analyzed companies:

- **Speculative (Spec.) BUY:** Sustainable upside potential of more than 25% within 12 months, above average risk
- **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 is limited. No immediate catalyst visible.

NB: The ratings of mwb research AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analyzed in this document was solely made by mwb research AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of mwb research AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

5. Date and time of first publication of this financial analysis
8-May-24 09:46:00

6. Risk information

- Stock exchange investments and investments in companies (shares) are always speculative and involve the risk of total loss.
- This is particularly true in respect of investments in companies which are not established and/or small and have no established business or corporate assets.
- Share prices may fluctuate significantly. This is particularly true for shares with low liquidity (market breadth). Even small orders can have a significant impact on the share price.
- In the case of shares in narrow markets, it may also happen that there is no or very little actual trading there and that published prices are not based on actual trading but have only been provided by a stockbroker.
- In such markets a shareholder cannot expect to find a buyer for his shares at all and/or at reasonable prices. In such narrow markets there is a very high possibility of manipulating prices and in such markets there are often considerable price fluctuations.
- An investment in shares with low liquidity and low market capitalization is therefore highly speculative and represents a very high risk.
- There is no regulated market for unlisted shares and securities and a sale is not possible or only possible on an individual basis.

7. Major Sources of Information Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. mwb research AG has checked the information for plausibility but not for accuracy or completeness.

8. Competent Supervisory Authority mwb research AG are under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M. This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

9. Specific Comments for Recipients Outside of Germany This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

10. Miscellaneous According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published free of charge under <https://www.mwb.-research.com>.

Contacts

mwb research AG
Mittelweg 142
20148 Hamburg
Germany

Tel.: +49 40 309 293-52
Email.: contact@mwb-research.com
Website: www.mwb-research.com
Research: www.research-hub.de

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-53
E-Mail: h.hof@mwb-research.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-57
E-Mail: l.muehlenbruch@mwb-research.com

ABED JARAD
Junior Analyst
Tel: +49 40 309 293-54
E-Mail: a.jarad@mwb-research.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@mwb-research.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@mwb-research.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@mwb-research.com

Sales

HOLGER NASS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: h.nass@mwb-research.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@mwb-research.com

mwb fairtrade
Wertpapierhandelsbank AG
Rottenbacher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
Website: www.mwbfairtrade.com
E-Mail: info@mwbfairtrade.com

Sales / Designated Sponsoring / Corporate Finance

ALEXANDER DEUSS
Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995-23
E-Mail: sguenon@mwbfairtrade.com

JAN NEYNABER
Institutional Sales
Tel: +49 69 1387-1255
E-Mail: jneynaber@mwbfairtrade.com

DIRK WEYERHÄUSER
Corporate Finance
Tel: +49 69 1387-1250
E-Mail: dweyerhaeuser@mwbfairtrade.com

Locations

HAMBURG (Research)
Mittelweg 142
20148 Hamburg
+49 40 309 293-52

HAMBURG (Corporates & Markets)
Kleine Johannisstraße 4
20457 Hamburg
+49 40 360 995-0

FRANKFURT A.M.
Unterlindau 29
60323 Frankfurt am Main
+49 40 360 995-22

MUNICH
Rottenbacher Str. 28
82166 Gräfelfing
+49 89-85852-0

BERLIN
Kurfürstendamm 151
10709 Berlin

HANNOVER
An der Börse 2
30159 Hannover

Our research can be found at

ResearchHub
Bloomberg
FactSet
Thomson Reuters / Refinitiv
CapitalIQ

www.research-hub.de
www.bloomberg.com
www.factset.com
www.refinitiv.com
www.capitaliq.com