

Sales Desk

Aleksandar Bakrac
Tel.: +49 69 58997 425

Eugenia Belova
Tel. +49 69 58997 417

Jens Buchmüller
Tel.: +49 69 58997 429

Achim Böckmann
Tel.: +49 69 58997 424

Werner Fronk
Tel.: +49 69 58997 409

Alexander Kravkov
Tel.: +49 69 58997 428

Jan Neynaber
Tel.: +49 69 58997 403

Marc Schellenberger
Tel.: +49 69 58997 404

Guido Schickentanz
Tel.: +49 69 58997 407

Marco Schumann
Tel.: +49 69 58997 423

Michael Schuhmacher
Tel.: +49 69 58997 400

Heinz Zörgiebel
Tel.: +49 69 58997 406

Company Comments

Daldrup & Soehne

Future strategy of HDI Leben (Accumulate)

Talanx

Transformation continues ... also in H1 13 (Accumulate)

Statistics

Index	Closing	1 Day	Month
DAX	8.594	-0,8%	6,1%
MDAX	15.034	-0,3%	4,5%
Tec-DAX	1.084	-0,4%	6,2%
SDAX	6.393	0,0%	4,3%
Bund-Future	140	0,0%	-0,1%

DAX Movers

Most up	1 Day	Most down	1 Day
DEUTSCHE BOE	0,7%	INFINEON TEC	-2,4%
THY SSENKRUPP	0,5%	CONTINENTAL	-2,0%
MERCK KGAA	0,3%	E.ON SE	-2,0%
ADIDAS AG	0,1%	HEIDELBERGCE	-2,0%
HENKEL AG -P	-0,1%	COMMERZBANK	-1,9%

TecDax Movers

Most up	1 Day	Most down	1 Day
STRATEC BIOM	2,1%	DIALOG SEMIC	-4,4%
CARL ZEISS M	1,9%	CANCOM AG	-4,1%
EVOTECH AG	1,6%	DRAEGERWERK-	-3,8%
SARTORIUS AG	1,6%	ADVA OPTICAL	-2,9%
PSI AG	1,5%	LPKF LASER &	-2,2%

6 Months	Ytd	52w High	52w Low
10,3%	12,9%	8.770	6.951
12,9%	26,2%	15.188	10.958
16,3%	30,8%	1.088	788
12,2%	21,8%	6.431	4.871
-3,4%	-3,5%	147	137

MDAX Movers

Most up	1 Day	Most down	1 Day
NORMA GROUP	2,6%	WINCOR NIXDO	-1,6%
SUEDZUCKER A	1,8%	PROSIE SAT.1	-1,4%
LEONI AG	1,7%	CELESIO AG	-1,3%
GERRY WEBER	1,7%	MTU AERO ENG	-1,3%
ELRINGKLINGE	1,4%	GILDEMEISTER	-1,3%

SDAX Movers

Most up	1 Day	Most down	1 Day
DELTCOM AG	2,1%	AMADEUS FIRE	-2,7%
ZOOPLUS AG	1,8%	HORNBAACH HLD	-2,7%
WACKER NEUSO	1,7%	AIR BERLIN P	-2,4%
CTS EVENTIM	1,5%	PATRIZIA IMM	-2,0%
BAYWA AG-VIN	1,4%	BAUER AG	-2,0%

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equinet Bank AG
60487 Frankfurt, Gräfr. 97
Website: www.equinet-ag.de

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Accumulate

Recommendation unchanged

Share price: EUR 13.15

closing price as of 30/09/2013

Target price: EUR 15.00

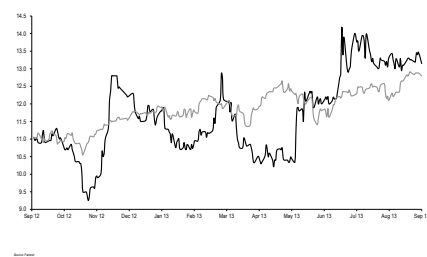
Target Price unchanged

Reuters/Bloomberg

4DSG.DE/4DS GR

Market capitalisation (EURm)	72
Current N° of shares (m)	5
Free float	34%
Daily avg. no. trad. sh. 12 mth	821
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	14.19
Price low 12 mth (EUR)	9.25
Abs. perf. 1 mth	-1.13%
Abs. perf. 3 mth	9.58%
Abs. perf. 12 mth	17.94%

Key financials (EUR)	12/12	12/13e	12/14e
Sales (m)	23	51	55
EBITDA (m)	6	7	11
EBITDA margin	26.0%	14.6%	19.2%
EBIT (m)	2	4	7
EBIT margin	9.2%	7.4%	11.9%
Net Profit (adj.)(m)	2	1	3
ROCE	2.7%	4.2%	7.4%
Net debt/(cash) (m)	2	12	7
Net Debt/Equity	0.0	0.2	0.1
Debt/EBITDA	0.4	1.6	0.6
Int. cover(EBITDA/Fin. int)	(11.3)	6.8	6.0
EV/Sales	3.2	1.7	1.5
EV/EBITDA	12.3	11.7	7.8
EV/EBITDA (adj.)	12.3	11.7	7.8
EV/EBIT	34.8	23.2	12.6
P/E (adj.)	39.4	nm	21.9
P/BV	1.1	1.1	1.1
OpFCF yield	24.1%	-14.0%	6.3%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.31	0.16	0.60
BVPS	11.47	11.64	12.23
DPS	0.00	0.00	0.00



Shareholders: Daldrup Family 66%;

Analyst(s):

Michael Schaefer, Equinet Bank
 michael.schaefer@equinet-ag.de
 +49 69 58997 419

Transformation continues ... also in H1 13

The facts: Daldrup reported solid H1 13 results with EBIT gaining 10% y-y to EUR 0.88m, according to our calculation. This is based on output-growth of 66% y-y to EUR 34.2m. Start-up losses related to the at-equity participation in Geothermie Taufkirchen sends pre-tax profit and net income down to break-even level.

Daldrup & Söhne Group - Review H1 2013

EUR m	H1 13	H1 12	y-y (%)	2013e	2012e	y-y (%)
Sales	24.12	3.89	520%	51.35	22.69	126%
Total Output	34.21	20.61	66%	51.35	45.39	13%
EBITDA	2.76	2.68	3%	7.48	5.89	27%
EBIT	0.88	0.80	10%	3.80	2.09	82%
Margin (% of output)	2.6%	3.9%		7.4%	4.6%	
EBT	0.06	0.48	-88%	1.74	1.81	-4%
EAT	-0.09	0.06	-261%	1.26	1.16	8%
Minorities	0.06	0.53	-88%	-0.36	0.54	-167%
Net income attr. to shareh.	-0.03	0.59	n.m.	0.89	1.71	-48%
Adj. net income (e)	-0.03	0.59	n.m.	0.89	1.71	
Adj. EPS (EUR per share)	-0.01	0.11	n.m.	0.16	0.31	-48%

Source: Daldrup, equinet

Our analysis: Extended idle periods weigh ... Extended idle periods in deep drilling projects in the Netherlands weighed significantly on profitability in H1 13, according to Daldrup. Nevertheless, the company expects to catch-up with the original schedule (and P&L accounting) in the second half. However, we've repeatedly hinted on the pricing-in of regular cost overruns due to regulatory delays.

Taufkirchen ... at-equity accounting distorts comparability: Daldrup's stake in the geothermal energy project in Taufkirchen fell below 50% in H2 12 and is now accounted at-equity. Hence, consolidated group results in H2 12 still include the fully consolidated impact from Taufkirchen. Start-up losses at Taufkirchen are primarily reflected in EUR -0.61m results from investments below the EBIT-line.

2013e outlook confirmed ... output of EUR 52m and 6% EBIT-Margin: The company reiterated its outlook to grow output to EUR 52m in FY 13e. Targeted EBIT-Margin of 6% implies an EBIT of EUR 3.1m (e: EUR 3.8m).

Conclusion & Action: Project-based activities of Daldrup always imply a hockey-stick second half earnings contribution. This is true for 2013e, too. We confirm our view on the company: Strong market and company potential, but transformation is still ongoing. Accumulate.



Accumulate

Recommendation unchanged

Share price: EUR 24.90

closing price as of 30/09/2013

Target price: EUR 27.00

Target Price unchanged

Reuters/Bloomberg

TLXG.DE/TLX GR

Market capitalisation (EURm)	6,307
Current N° of shares (m)	253
Free float	14%
Daily avg. no. trad. sh. 12 mth	145,688
Daily avg. trad. vol. 12 mth (m)	3,620
Price high 12 mth (EUR)	25.88
Price low 12 mth (EUR)	18.50
Abs. perf. 1 mth	3.32%
Abs. perf. 3 mth	2.66%
Abs. perf. 12 mth	

Key financials (EUR)	12/12	12/13e	12/14e
Life Gross premiums (m)	10,664	11,342	12,050
Non-Life Gross prem.(m)	15,995	17,012	18,075
Total Net Revenues (m)	26,599	28,400	30,136
Life Ins.Tech.Result (m)	-478	-392	-391
Non-Life Ins. Tech.Result	-955	-1,018	-945
EBIT (m)	1,760	1,915	2,073
Net Profit (adj.) (m)	630	700	762
Shareholders Equity (m)	7,472	7,838	8,296
ANAV (m)	8,120	8,948	9,406
ROE (adj.) (%)	9.8	9.1	9.4
Combined ratio (%)	96.4	97.0	97.0
P/E (adj.)	7.5	9.0	8.3
P/BV	0.6	0.8	0.8
P/ANAV	0.6	0.7	0.7
P/EbV	0.5	0.6	0.5
Dividend Yield	4.2%	4.4%	4.8%
EPS (adj.)	2.87	2.77	3.01
BVPS	34.07	30.94	32.75
ANAVPS	37.02	35.33	37.13
EbVPS	47.25	44.46	46.56
DPS	1.05	1.10	1.20

Talanx looks at different options for HDI Leben

The facts: In an interview with the Süddeutsche Zeitung Talanx's CEO said that the insurer is considering different options for its life insurance business under the HDI-Lebensversicherung brand. All options (run-down, sale to a specialist) are possible. Reason for this is the low interest rate environment which makes it difficult for life insurers with old contracts (with high guarantee rates) to be profitable. We assume that most of the German life insurance companies are thinking about different options for their life insurance business which comes more and more under pressure from the low interest rates.

Our analysis:

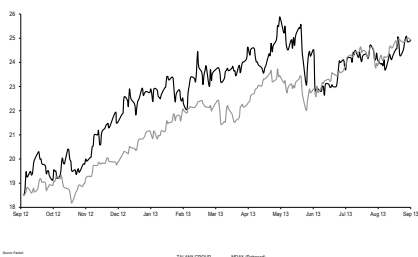
Talanx's German retail business has generated an operating profit of EUR 98m in 2012, group operating profit stood at EUR 1,760m. HDI Leben should have generated an estimated operating profit of below EUR 35m in 2012.

The reason for the difficult situation of the German life insurers is the low interest rate environment which is particularly negative for life insurers with old contracts (with high guarantee rates). HDI Gerling achieved an average running yield of 3.8% while having an average guarantee rate of 3.3%, i.e. the spread amounted to 0.5%-pts. For other carriers within the group the spread stood at 1.8%-pts. (Targo Versicherungen) and 1.5%-pts. (PB Versicherungen), respectively.

Generally Talanx has a relatively high proportion of unit-linked business. While 60% of the market (in-force business) was traditional life and 21% unit-linked business in 2012, TLX had only 51% of traditional life and 36% of unit-linked business.

Conclusion & Action: *It is no secret that the low interest rate environment makes life difficult for German life insurers. Hence, it is no big surprise in our view that Talanx is mulling different options for its life insurance business. As we do not expect yields to increase significantly in the short term, we see it positively, that Talanx is looking at all options for HDI-Lebensversicherung and is not ruling out anything.*

We stick to our Accumulate rating with a TP of EUR 27.00 as the shares remain attractively valued with a 2014e PER of 8.4x.



Shareholders: HDI V.a.G. 79%; Meiji Yasuda 7%;

Analyst(s):

Philipp Häßler, CFA, Equinet Bank
philipp.haessler@equinet-ag.de
+49 69 58997 414

History of equinet's Recommendations

Recommendation history for DALDRUP & SOEHNE (DE) EUR 13.15			
Date	Recommendation	Price at change date	Target Price at change date
14. Jan 10	Accumulate	23,55	26,00
07. Jan 09	Hold	28,00	25,00
23. Sep 08	Accumulate	28,35	34,00
29. Mai 08	Hold	36,00	34,00
22. Apr 08	Rating Suspended	32,00	
07. Feb 08	Accumulate	22,75	25,00
06. Feb 08	Not rated	22,95	

Recommendation history for TALANX GROUP (DE) EUR 24.90			
Date	Recommendation	Price at change date	Target Price at change date
21. Mrz 13	Accumulate	23,67	26,00
29. Nov 12	Buy	20,00	24,00

Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
4SC	Miemietz	3,60	Buy	7	KronesAG	Schmidt	71,00	Accumulate	
Aareal Bank	Häßler	21,00	Hold		KTG Agrar	Schäfer	16,00	Accumulate	2/3/5
Adler Modemaerkte	Rigters/ Faust	10,70	Buy	3/5	KUKA	Schmidt	38,00	Accumulate	
Adpepper	Rigters/ Pehl	1,50	Buy	2/3	LANXESS	Demidova	52,00	Hold	
adidas	Faust / Rigters	85,00	Accumulate		Leoni	Schuldt	50,00	Buy	
Advanced Vision Technology	Schmidt	7,00	Buy		Linde	Demidova	160,00	Accumulate	
Aixtron	Pehl	7,00	Sell	2/3	Loewe	Faust / Rigters	Suspended	Suspended	2/5
Allianz	Häßler	120,00	Hold		Logwin	Rothenbacher	1,60	Buy	2/3/5
Analytik Jena	Demidova	14,00	Hold	7	Luftthansa	Rothenbacher	15,00	Hold	
BASF	Demidova	75,00	Hold		MAN	Schuldt	85,00	Hold	
BAUER AG	Schmidt	16,50	Reduce		MAXAutomation AG	Schmidt	7,00	Buy	2/3
Bayer	Miemietz	94,00	Accumulate		Medion	Faust / Rigters	13,00	Hold	
BayWa	Schäfer	45,00	Buy	5	Merck	Miemietz	133,00	Accumulate	
BB Biotech	Miemietz	115,00	Buy	7	MIFA	Rigters/ Faust	9,30	Buy	2/4/5
Beiersdorf	Demidova	52,00	Sell		MLP	Häßler	6,80	Buy	2/3
Berentzen	Faust / Rigters	6,50	Hold	2/3	Mobotix AG	Pehl	19,00	Accumulate	2/3
Beta Systems Software	Schuldt	2,60	Buy	2/3/5	MTU	Pehl	72,50	Accumulate	2
BILFINGER SE	Faust	80,00	Hold		Munich Re	Häßler	150,00	Hold	
Biotest	Miemietz	70,00	Buy	2/3/5	Nanogate AG	Demidova	29,00	Buy	2/3/5
BMW	Schuldt	88,00	Buy		PATRIZIA AG	Häßler	9,10	Buy	
Cesio	Lieder	18,00	Accumulate		Pfeiffer Vacuum	Pehl	78,00	Reduce	
Cenit	Pehl	11,00	Buy	2/3	Phoenix Solar	Freudenreich	Suspended	Suspended	
comdirect	Häßler	6,60	Sell		Porsche	Schuldt	64,00	Hold	
Commerzbank	Häßler	10,00	Hold		Postbank	Häßler	32,00	Accumulate	
Continental	Schuldt	105,00	Reduce		PSI	Schäfer	12,00	Hold	2
Daimler AG	Schuldt	46,00	Reduce		Puma	Faust / Rigters	200,00	Reduce	
Daldrup & Soehne	Schäfer	15,00	Accumulate	2/3/5	Rheinmetall	Pehl	45,00	Hold	
Deutsche Bank	Häßler	40,00	Accumulate		Rhoen-Klinikum	Lieder	23,60	Buy	
Deutsche Biogas	Schäfer	6,00	Buy	2/3/5	RIB Software	Rothenbacher	8,00	Buy	2/3
Deutsche Boerse	Häßler	48,00	Sell		RWE	Schäfer	25,00	Hold	
Deutsche EuroShop	Rothenbacher	32,00	Hold		SAF-HOLLAND	Schuldt	13,00	Buy	7
Deutsche Forfait	Häßler	6,40	Buy	2/3/4/5	Salzgitter	Freudenreich	36,00	Buy	
Deutsche Post	Rothenbacher	24,00	Hold		Seven Principles AG	Pehl	5,50	Buy	2/3/5
Deutsche Telekom	Pehl	10,00	Accumulate		Singulus Technologies	Freudenreich	1,95	Buy	4/5
Deutz AG	Schmidt	6,50	Hold		SKW Stahl	Freudenreich	23,00	Buy	
Douglas Holding	Faust / Rigters	38,00	Hold		SMA Solar Technology	Freudenreich	19,00	Sell	
Drägerwerk	Lieder	105,00	Accumulate		SMTSCHARFAG	Schmidt	22,00	Hold	2/3
E.ON	Schäfer	14,00	Hold		SolarWorld	Freudenreich	0,05	Sell	
EringKlinger	Schuldt	20,00	Reduce		Solutronic	Freudenreich	Under review	Not rated	2/3
Epigenomics AG	Miemietz	4,00	Buy	2/3/5	SuessMicroTec	Pehl	11,00	Buy	2/3
Euromicron AG	Pehl	24,00	Buy	2/3/5	SURTECO	Lieder	23,50	Buy	2/3
Fielmann	Lieder	84,00	Accumulate		Symrise AG	Demidova	26,00	Sell	
Fraport	Rothenbacher	56,00	Buy		Talanx Group	Häßler	27,00	Accumulate	
Freenet	Pehl	21,00	Accumulate	2	ThyssenKrupp	Freudenreich	18,00	Hold	
Fresenius	Lieder	104,00	Accumulate		TUI	Rothenbacher	12,00	Buy	
Fresenius Medical Care	Lieder	55,00	Accumulate		United Internet	Pehl	26,50	Hold	
FuchsPetrolub	Demidova	48,00	Reduce		Uzin Utz	Faust / Lieder	26,00	Buy	2/3
GEA Group	Schmidt	32,00	Buy		VBH Holding	Faust	2,80	Hold	2/3
Gerrheimer AG	Lieder	45,00	Hold		VB Vermoegen	Rothenbacher	13,00	Buy	
GERRYWEBER	Rigters/ Faust	34,00	Accumulate		Volkswagen	Schuldt	185,00	Buy	
Gesco	Schmidt	80,00	Accumulate	2/3	Vossloh	Schmidt	55,00	Sell	
GFT Technologies	Schuldt	5,70	Buy	2/3	Wacker Chemie	Freudenreich	58,00	Sell	
Gigaset	Rigters/ Pehl	1,00	Hold	2/3/5	Wilex	Miemietz	3,00	Buy	2/3
Gildemeister	Schmidt	22,00	Accumulate		Wincor Nixdorf	Pehl	49,00	Hold	2
Grenkeleasing AG	Häßler	50,00	Sell						
Hannover Re	Häßler	70,00	Buy						
Heidelberger Druck	Schmidt	2,40	Buy						
Henkel	Demidova	56,00	Sell						
HHLA	Rothenbacher	18,00	Hold						
Hochtief	Faust	69,00	Buy						
Hugo Boss	Faust / Rigters	88,00	Hold						
i:FAOAG	Rothenbacher	15,50	Buy	2/3					
IVG Immobilien AG	Rothenbacher	0,05	Sell						
K+S AG	Schäfer	47,00	Buy						
KHD HUMBOLDT WEDAG INTERNAT	Schmidt / Schul	7,60	Buy						
Kontron	Pehl	4,50	Accumulate						

Source: equinet Recommendations

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Remarks

Recommendation System

- Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.
- Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.
- Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon
- Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon
- Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

Basis of Valuation

Equinet uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

Sources

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