

## mic

### Financials

31 August 2017

## New beginning

The latest announcement appears to end the days of mic's broader ambitions. The new management is committed to a simple strategy of extracting value for shareholders from three distinct and specific operating businesses. Further sharp cost-cutting initiatives should help to reduce operating losses, which are believed to be around €3m in 2016. Valuation is hampered by the lack of 2016 accounts and ongoing refinancing talks.

## Total change in management

The founder, major shareholder and chief executive Claus-Georg Müller is leaving all his positions for health reasons. The recently appointed chief operating officer, Christian Damjakob, has also left the management board. In future, Andreas Empl will run the company as sole board member. Herr Müller is foregoing potential payments including pay-off and loans to the company.

## Cost-cutting extended greatly

The cost-saving plan already initiated with a goal of reducing overhead by 30% is to be extended greatly. The current office premises are to be given up, a number of workers are to be laid off and company cars are to be abolished. The 2016 operating loss appears to have been around €3m so these cuts are clearly necessary for mic's long-term financial health.

## Radical refocus on three operating businesses

Henceforth the company will focus on three distinct operating areas, which are reckoned to have the best prospects: data bank solutions using cutting edge technologies, automated optical inspections systems for bodywork in the automobile production industry and systems that utilise existing fibre-optic networks to provide acoustic monitoring of pipelines and railways. All other activities uninvolved in these specific areas are to be disposed of in the short term. The divestment process has already begun with the sale of the 37% holding in Aifotec for €0.71m at a small profit to book value. The new strategy might extract the maximum value for shareholders but the greatest difficulty in valuing mic lies in the fact that the 2016 report and accounts, which should reflect the impact of the massive €27m write-downs, have yet to be published. A further uncertainty lies in the continuing financing of the business; talks are already underway with a potential investor but there is risk of dilution for existing shareholders.

### Historical financials

Year end	Net profit (€m)	Total equity (€m)	EPS (€)	NAV/share (€)	P/E (x)	P/NAV (x)
12/13	(4.69)	34.25	(0.68)	4.99	N/A	0.11
12/14	1.27	39.03	0.16	5.05	3.5	0.11
12/15	1.42	45.40	0.14	4.44	4.0	0.13
12/16p	(29.7)	20.90	(2.14)	1.51	N/A	0.37

Source: mic data. Note: p = preliminary figures.

**Price** €0.56  
**Market cap** €8m

### Share price graph



### Share details

Code M3BG  
Listing Deutsche Börse Scale  
Shares in issue 13.87m  
Last reported equity ratio at end 2016 88%

### Business description

mic is a diversified technology investment company focused on large-scale data handling, automated optical inspection systems for the automotive industry and acoustic and strain monitoring over fibre-optic networks. It holds majority stakes in companies through intermediate holding companies.

### Bull

- Comfortable stated equity ratio.
- Radical strategic refocus in progress.
- Prospects for new technology businesses.

### Bear

- Risk of dilution from refinancing.
- Delayed reporting of 2016.
- Divestitures not completed.

### Analyst

Adrian Phillips +44 (0)20 3077 5700

[financials@edisongroup.com](mailto:financials@edisongroup.com)

[Website profile page](#)

Edison Investment Research provides qualitative research coverage on companies in the Deutsche Börse Scale segment in accordance with section 36 subsection 3 of the General Terms and Conditions of Deutsche Börse AG for the Regulated Unofficial Market (Freiverkehr) on Frankfurter Wertpapierbörse (as of 1 March 2017). Two to three research reports will be produced per year. Research reports do not contain Edison analyst financial forecasts.

Edison, the investment intelligence firm, is the future of investor interaction with corporates. Our team of over 100 analysts and investment professionals work with leading companies, fund managers and investment banks worldwide to support their capital markets activity. We provide services to more than 400 retained corporate and investor clients from our offices in London, New York, Frankfurt and Sydney. Edison is authorised and regulated by the [Financial Conduct Authority](#). Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison and is not regulated by the Australian Securities and Investment Commission. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. [www.edisongroup.com](http://www.edisongroup.com)

#### DISCLAIMER

Any Information, data, analysis and opinions contained in this report do not constitute investment advice by Deutsche Börse AG or the Frankfurter Wertpapierbörse. Any investment decision should be solely based on a securities offering document or another document containing all information required to make such an investment decision, including risk factors.

Copyright 2017 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Deutsche Börse AG and prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Aus and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Frankfurt +49 (0)69 78 8076 960

Schumannstrasse 34b  
60325 Frankfurt  
Germany

London +44 (0)20 3077 5700

280 High Holborn  
London, WC1V 7EE  
United Kingdom

New York +1 646 653 7026

295 Madison Avenue, 18th Floor  
10017, New York  
US

Sydney +61 (0)2 8249 8342

Level 12, Office 1205  
95 Pitt Street, Sydney  
NSW 2000, Australia