

Companies	Recommendation	Price	Price target
DaimlerChrysler	Buy	EUR 46.20	EUR 53.00
SAP	Outperform	EUR 175.40	EUR 190.00
Advanced Medien	Buy	EUR 2.15	EUR 2.50
Kontron	Outperform	EUR 8.76	EUR 12.00
Equity Strategy	Opinion Summary		

DaimlerChrysler

Buy

EUR 46.20

Price target: EUR 53.00
(prev. EUR 53.00)

(prev. Buy)

(Reuters: DCXGn.DE; Bloomberg: DCX GR; WPK: 710000)

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Topic: Three topics: **1**, Automotive News report about the start of the new Dodge Caliber **2**, A few words about the changes within the Employee health care plans from last week and **3**, Smart.

Our View: **1**, AN cited a few Dodge dealers about their experience with the new car which is currently arriving in the showrooms. The interest seems to be good and people are attracted by the prices, the fact that it is a four door car, the fuel economy and the low insurance premiums. In contrast to the Dodge target of a buyer group of 24 to 34 year old customers the car seems to attract a much broader customer range. Interesting was that Dodge has already 20,000 preorders for the model which is app. 10% of our 2006 estimate. This as well as the average transaction price of USD 17,138 vs. USD 12,869 for the old Neon indicate that the car could be a reasonable financial success for Chrysler. The model is important as it is the first out of three which will be produced in the Belvidere plant on the same platform which formerly produced only the Neon. The Jeep models Compass and Patriot will follow in HY2/06. **2**, The announcement of the changes in the Employee health care plans from last week are still not quantified by the co. which does not help. We estimate the effect to be in the range of EUR 20-50 mn in 07. But it is important to understand that the agreement is only linked to the health care plans of the white collar workers but is not including a new agreement with the blue collar workers which is far more important. The negotiations for this are currently under way and can be influenced positively by the above mentioned agreement as it affects the management level first, an issue which was heavily criticized by the UAW within the Ford/UAW agreement. Therefore the step could produce a well accepted agreement for the blue collar worker as a consequence. **3**, Handelsblatt reported about a decision in the DCX board not to sell the Smart business but to keep it in the group. According to our information the process initiated by Goldman Sachs brought so far only some interest from potential buyers but no offer which could be financially accepted by DCX. From our point of view there was no financial advantage from the offers compared with the restructuring done by DCX or even a closure done by DCX. If DCX has to pay a third party to that extent like the co. has to spent by itself, they can wait whether the turnaround plan works and if not, can close the unit by itself. With that the Smart unit remains on the agenda during 2006. A potential exit is with the article still possible but a short term sale has become unlikely.

Conclusion: All three topics show that DCX is still a ongoing restructuring story which is making slow but steady progress towards the earnings improvement in 2007. Despite some problems in Q1/06 at Chrysler due to high inventories and the ramp up costs of new models the story is still intact.

SAP		Outperform
EUR 175.40	Price target: EUR 190.00 (prev. EUR 190.00)	(prev. Outperform)
<small>(Reuters: SAPG.DE; Bloomberg: SAP GR; WPK: 716460)</small>		Knut Woller, CEFA, 49 (0) 89 378-11381 knut.woller@hvb.de

Topic: Implications from Oracle's Q3 results.

Our View: Yesterday, Oracle released its Q3 results. License revenues were up 16% y-o-y to USD 1,096 mn and came in at the lower end of Oracle's updated guidance (15-20% y-o-y). Database and Middleware license revenues were up only 4% y-o-y (8% at constant currency) to USD 827 mn and accounted for roughly 76% of Oracle's total license revenues. The Americas reported the strongest growth of 16% y-o-y to USD 334 mn in Q3. Application license revenues were up 77% y-o-y (82% c.c.) to USD 269 mn and thus showed the first organic growth in a couple of quarters, although Siebel contributed ca. USD 22 mn in Q3 (ORCL previously expected a contribution of ca. USD 10 mn by Siebel). Application licenses by region: License revenues in the Americas were up by 61% y-o-y (60% c.c.) to USD 148 mn, EMEA up by 119% y-o-y (138% c.c.) to USD 96 mn and APA up by 52% y-o-y (60% c.c.) to USD 25 mn.

Conclusion: What are the implications for SAP? There are several factors worth noting, in our view. The solid license trend in the Americas indicates that tech spending still is on track. In addition, Oracle's strong application licenses development in the EMEA region indicates that demand in EMEA seems to be picking up, although it is still lagging the Americas. Overall, Oracle's Q3 application license number of USD 269 mn compares to our estimate of ca. USD 607 mn for SAP in Q1/06. Our estimate for SAP in the Americas looks for license revenues of ca. USD 236 mn, indicating that SAP maintained its number one position in the US. So overall, although Oracle's license revenues surprised positively, SAP still maintained by far its number one position with applications.

Advanced Medien		Buy
EUR 2.15	Price target: EUR 2.50 (prev. EUR 2.50)	(prev. Buy)
<small>(Reuters: DVNGk.F; Bloomberg: DVN1 GR; WPK: 126218)</small>		Peter-Thilo Hasler, CEFA, +49 (0) 89 378-13244 peter-thilo.hasler@hvb.de

Topic: Full takeover of Inflight Productions (IFP) as of March 1, 2006.

Our View: After Atlas Air, Advanced Medien has with IFP acquired the second provider of inflight entertainment and is therefore advancing to the global market leader in the industry. IFP's core expertise is the integration of onboard systems, encoding, database management, data administration and timeline management. Inflight Productions' main customers are Emirates, Singapore Airlines, Virgin, Cathay Pacific, Continental Airlines and Lufthansa. According to the company, their loyalty to IFP is very high; customer relations over 15 years and more are not uncommon.

Conclusion: Advanced will fully consolidate IFP as of March 01, and hereby one month before scheduled. This will slightly change this year's sales and earnings structure, whereas profits remain stable, as Advanced has control of IFP's profits since July 2005. We reiterate our Buy rating and our price target of EUR 2.50.

Kontron

Outperform

EUR 8.76

Price target: EUR 12.00
(prev. EUR 12.00)

(prev. Outperform)

(Reuters: KBCG.DE; Bloomberg: KBC GY; WPK: 605395)

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Topic: Competitor GE Fanuc Embedded Systems is taking a further step in industry consolidation and intends to buy SBS Technologies for about USD 215 mn in cash (premium of about 55% over SBS closing price on Friday).

Our View: The combined entity will be in a position to serve customers in communications, medical imaging, industrial automation, and military systems. Assuming 8-10% annual long-term market growth, the available ECT market for Kontron should reach some USD 4.5 bn in 2006. Nevertheless, the very fragmented ECT market, with about 3,000 suppliers world-wide, is in consolidation mode. In our view, the top 6 ECT players hold about 40% of the market compared to about 25% in 2000. Due to the integration problems, we believe that Kontron will not be active with acquisitions in 2006. Nevertheless, with 94% free float, Kontron remains a potential takeover candidate.

Conclusion: Kontron will report Q4 figures on 3/22/06. We believe that GE wanted to enhance its economics of scale and its overall market share independent from valuation aspects. Yesterday, changed multiples in the peer-group comparison (SBS, Advantech and Radisys) lead to an increase in target price from EUR 10.50 to EUR 12.00.

Equity Strategy

Opinion Summary

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Index Targets (6 month horizon):

DAX **5500 points**
Euro STOXX 50 **3600 points**

Sector recommendations (STOXX 600 universe):

Overweight **Automobiles & Parts, Banks, Industrial Goods & Services, Oil & Gas, Telecom**
Underweight **Basic Resources, Media, Personal & Household Goods, Travel & Leisure**

Country recommendation:

Germany **neutral**

For further details, please see our weekly Strategy publication "Market Outlook" and the monthly "Local Product Germany" of HVB Equity Research.

This analysis was prepared by Georg Stürzer, CEFA; Knut Woller, CEFA; Peter-Thilo Hasler, CEFA; Roland D.-W. Pitz, Equity Analyst; Gerhard Schwarz, CEFA and was published the first time on 03/21/2006

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Company	Date	Product	Rating	Price target
Advanced Medien	01/23/2006	CU	Buy	2.50
Advanced Medien	03/14/2005	CU	Buy	3.60
DaimlerChrysler	02/16/2006	CF	Buy	53.00
DaimlerChrysler	11/07/2005	CR	Buy	50.00
DaimlerChrysler	07/28/2005	CU	Outperform	44.00
DaimlerChrysler	07/06/2005	CF	Buy	40.00
DaimlerChrysler	06/13/2005	CF	Buy	39.00
DaimlerChrysler	04/04/2005	CF	Outperform	39.00
DaimlerChrysler	04/01/2005	CU	Buy	39.00
DaimlerChrysler	02/10/2005	CF	Outperform	39.00
DaimlerChrysler	01/28/2005	SR	Outperform	38.00
DaimlerChrysler	01/05/2005	SF	Outperform	37.00
Kontron	03/20/2006	CF	Outperform	12.00
Kontron	01/17/2006	CF	Outperform	10.50
Kontron	05/03/2005	CF	Outperform	7.50
Kontron	03/23/2005	CF	Outperform	8.50
SAP	01/26/2006	CF	Outperform	190.00
SAP	01/23/2006	CR	Outperform	180.00
SAP	10/20/2005	CU	Outperform	170.00
SAP	01/12/2005	SF	Outperform	160.00

CF: Company Flash, CR: Company Report, CU: Company Update, EV: E-Valuation, GD: German Daily, LP: Local Product, MSC: Mid Caps/Small Caps, SF: Sector Flash, SP: Sector Preview, SR: Sector Report, WP: Company Weekly Preview

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