

# BRAIN FORCE HOLDING

**Outperform**

EUR 3.64

(Reuters: BFCG.DE; Bloomberg: BFC GY; WPK: 919331)

**Knut Woller, CEFA, +49 (0) 89 378-11381**

knut.woller@hvb.de

## A good start to 2006 – Our target price raised to EUR 4.40

Performance (05/05/06)	1W	1M	3M
Absolute (%)	3.5	4.2	8.8
Relative to Euro STOXX 50 (%)	2.6	3.9	3.4

Rating	
New: Outperform	Previous: Outperform

Price target	
New: EUR 4.40	Previous: EUR 4.30

Market cap. (EUR mn)	56.0
Free float (%)	84.3
Capital subscribed (EUR mn)	10.3
Number of shares (mn)	15.4
Shareholders	Helmut Fleischmann and Helmut Fleischmann Private Foundation 15.7%

Annual general meeting	11-May-06
Q1	29-May-06
H1/Q2	28-Aug-06

	2005	2006e	2007e
Sales (EUR mn)	77	91	100
EBITDA (EUR mn)	6	8	9
EBITA (EUR mn)	4	5	6
EBIT (EUR mn)	4	5	6
Net income (EUR mn)	3.1	3.7	4.4
EPS reported (EUR)	0.30	0.26	0.28
EPS adj. pre-goodwill (EUR)	0.30	0.26	0.28
P/E (EPS adj. pre-goodwill)	10.9	14.3	13.1
EV/sales	0.4	0.4	0.3
EV/EBITDA	5.4	3.9	2.9
EV/EBITA	9.1	6.4	4.5
Dividend (EUR)	0.08	0.07	0.08
Div. yield (%)	2.5	1.9	2.1

**Strong provisional Q1/06 figures.** BRAIN FORCE HOLDING today reported provisional Q1 figures that far exceed our projections. Revenues were up about 35% y-o-y, from EUR 16.4 mn to EUR 22.1 mn, thus beating our estimate of EUR 20.5 mn by a substantial margin. We believe that organic revenue growth (adjusted for the effect of consolidating INDIS and VAI) may have contributed between 13 and 14% y-o-y. With a figure of EUR 1.98 mn, EBITDA (which comes to EUR 1.56 mn after adjusting for the special factor involving settlement payments amounting to EUR 0.422 mn) exceeded our estimate of EUR 1.37 mn. The EBIT of EUR 1.17 mn (EUR 0.75 mn on an adjusted basis) also topped our projection of EUR 0.54 mn. EPS came to EUR 0.07 (HVBe: EUR 0.04). Operating EPS (adjusted for the non-recurring items) is likely to have come to EUR 0.05. The tax rate should thus have amounted to about 40% in Q1/06 (HVBe: 33%).

**Our estimates raised.** Given the good start to 2006, we think that BRAIN FORCE may beat its own full-year targets. The company is forecasting revenues of EUR 90 mn, EBITDA of EUR 9 mn and EBIT of EUR 4.5 mn.

### CHANGES IN ESTIMATES

EUR mn	2006e		2007e	
	(prev.)	(new)	(prev.)	(new)
Sales	89.4	90.6	98.3	99.7
y-o-y (%)	16.6	18.3	10.0	10.0
EBIT	4.6	5.1*	6.0	6.1
EBIT margin (%)	5.0	5.4	5.9	5.9
EPS (EUR)	0.23	0.26	0.27	0.28

\* incl. non-recurring item of EUR 0.4 mn

Source: HVB Global Markets Research

### Our target price raised from EUR 4.30 to EUR 4.40.

We have lifted our target price slightly based on the increases in our estimates. Our target price of EUR 4.40 implies a P/E ratio (2007) of around 16.2, which our DCF model underpins.

This analysis was prepared by Mr. Knut Woller, CEFA and was published the first time on 05/08/2006  
Responsibility for its preparation lies with: Bayerische Hypo- und Vereinsbank AG, Am Tucherpark 16, 80538 Munich, Germany  
Regulatory authority: "BaFin" – Bundesanstalt für Finanzdienstleistungsaufsicht, Lurgiallee 12, 60439 Frankfurt, Germany

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Company	Date	Product	Rating	Price target
BRAIN FORCE HOLDING	05/05/2006	CR	Outperform	4.30

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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Company	Key
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Sources: Thomson Financial Datastream, HVB Global Markets Research