

# BRAIN FORCE HOLDING

Buy

EUR 2.99

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

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## Operating trends in tact

Performance (08/07/06)	1W	1M	3M
Absolute (%)	0	-6.7	-16.1
Relative to Euro STOXX 50 (%)	0.9	-6.9	-10.5

### Rating

New: Buy Previous: Buy

### Price target

New: EUR 4.60 Previous: EUR 4.80

Market cap. (EUR mn)	46.0
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	May-07
H1/Q2	28-Aug-06
9M/Q3	27-Nov-06

	2005	2006e	2007e
Sales (EUR mn)	77	94	114
EBITDA (EUR mn)	6	9	11
EBITA (EUR mn)	4	5	7
EBIT (EUR mn)	4	5	7
Net income (EUR mn)	3.1	4.9	5.0
EPS reported (EUR)	0.30	0.34	0.32
EPS adj. pre-goodwill (EUR)	0.30	0.34	0.32
P/E (EPS adj. pre-goodwill)	10.9	8.7	9.5
EV/sales	0.4	0.3	0.2
EV/EBITDA	5.4	3.6	2.6
EV/EBITA	9.1	6.0	4.0
Dividend (EUR)	0.08	0.07	0.08
Div. yield (%)	2.5	2.3	2.6

**BRAIN FORCE HOLDING today reported preliminary H1/06 figures.** Sales came in at EUR 42.9 mn and were therefore 2% lower than the EUR 43.6 mn we were estimating. EBITDA came to EUR 3.3 mn (margin: 7.6%) and was also slightly below our estimate of EUR 3.4 mn (margin: 7.8%), like EBIT at EUR 1.6 mn (HVB: EUR 1.8 mn). Owing to a more positive tax rate than we were expecting in the wake of the use of tax loss carry-forwards following the full integration of BRAIN FORCE Financial Solutions, EPS of EUR 0.15 was significantly higher than our expected EUR 0.09.

**We have reduced the sales and EBIT estimates for 2006 and 2007 slightly.** This allows for the slightly weaker H1 figures than we had expected. The increase in EPS is the result of the lower tax rate than estimated to date.

### CHANGES TO ESTIMATES

		2006e prev.	2006e new	2007e prev.	2007e new
Sales	EUR mn	94.6	93.9	116.6	114.0
y-o-y	%	23.5	22.5	23.3	21.4
EBIT	EUR mn	5.3*	5.2*	7.1	6.9
EBIT margin	%	5.6	5.5	6.1	6.0
EPS	EUR	0.27	0.34	0.31	0.32

\* incl. extraordinary effect of EUR 0.4 mn

Source: HVB Global Markets Research

**Slight reduction in our price target from EUR 4.80 to EUR 4.60.** The reduction of our price target reflects primarily the latest multiple contraction in the IT services sector in the wake of the market correction. At the beginning of May the average P/E (2007) of our European IT services panel came to around 16.2 – currently 13.3. Our new price target of EUR 4.60 corresponds to a target P/E of around 14 (2007e). It is supported by our DCF model.

This analysis was prepared by Mr. Knut Woller, CEFA and was published the first time on 08/08/2006  
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 Regulatory authority: "BaFin" – Bundesanstalt für Finanzdienstleistungsaufsicht, Lurgiallee 12, 60439 Frankfurt, Germany

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Company	Date	Product	Rating	Price target
BRAIN FORCE HOLDING	06/22/2006	CF	Buy	4.80
BRAIN FORCE HOLDING	05/08/2006	CF	Outperform	4.40
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
BRAIN FORCE HOLDING	3

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