

BRAIN FORCE HOLDING

Outperform

EUR 3.38

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

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Final Q1 figures in line with preliminary report published on May 8

Performance (05/26/06)	1W	1M	3M
Absolute (%)	-3.4	-4.7	3.7
Relative to Euro STOXX 50 (%)	-5.5	0.1	7.0

Rating

New: Outperform	Previous: Outperform
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Price target

New: EUR 4.40	Previous: EUR 4.40
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Market cap. (EUR mn)	52.0
Free float (%)	84.3
Capital subscribed (EUR mn)	10.3
Number of shares (mn)	15.4
Shareholders	Helmut Fleischmann and Helmut Fleischmann 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	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	13.1	12.2
EV/sales	0.4	0.3	0.2
EV/EBITDA	5.4	3.4	2.5
EV/EBITA	9.1	5.6	3.8
Dividend (EUR)	0.08	0.07	0.08
Div. yield (%)	2.5	2.1	2.3

BRAIN FORCE HOLDING today reported final Q1 figures which were in line with the preliminary report released on May 8. Sales came to EUR 22.1 mn, EBITDA to EUR 2.0 mn, EBIT to EUR 1.2 mn and EPS to EUR 0.07. With respect to the P&L, we would like to point out the following factors: Other operating income increased from EUR 0.3 mn in Q1/05 to EUR 0.6 mn in Q1/06. In addition, the profit share in associated companies rose from EUR 11,000 in Q1/05 to EUR 0.3 mn in Q1/06.

Increase in profitability in all divisions. Sales in the **Enterprise Services** division were up from EUR 7.6 mn in Q1/05 to EUR 8.7 mn in Q1/06 (HVBe: EUR 8.9 mn). The division EBIT improved from EUR 0.35 mn (margin: 4.6%) in Q1/05 to EUR 0.81 mn (margin: 9.3%). Without the proportionate entry of extraordinary items, the EBIT margin came to 6.0% in Q1/06. The **Business Solutions** division reported a rise in sales from EUR 4.9 mn in Q1/05 to EUR 6.6 mn in Q1/06 (HVBe: EUR 6.2 mn). The division EBIT climbed from EUR 0.4 mn (margin: 8.0%) in Q1/05 to EUR 0.7 mn (margin: 10.2%) in Q1/06. Without the proportionate entry of extraordinary items, the EBIT margin stood at 9.9% in Q1/06. In the **Technology and Infrastructure** division sales rose from EUR 4.0 mn in Q1/05 to EUR 6.9 mn in Q1/06 (HVBe: EUR 7.1 mn). The division EBIT improved from EUR 0.06 mn in Q1/05 to EUR 0.32 mn in Q1/06. Investments in the distribution of the solutions BRAIN FORCE "Packaging Robot" as well as "Migration out of the Box" depressed the result here by EUR 0.19 mn. The **holding costs** came to EUR 0.6 mn (Q1/05: EUR 0.4 mn).

No change to our estimates. We are making no changes to our estimates for 2006 and 2007 which we adjusted after the preliminary Q1 figures released on May 8. We see BRAIN FORCE as well on the way to reaching its full-year targets after the strong Q1/06.

This analysis was prepared by Mr. Knut Woller, CEFA and was published the first time on 05/29/2006
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Company	Date	Product	Rating	Price target
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
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Sources: Thomson Financial Datastream, HVB Global Markets Research