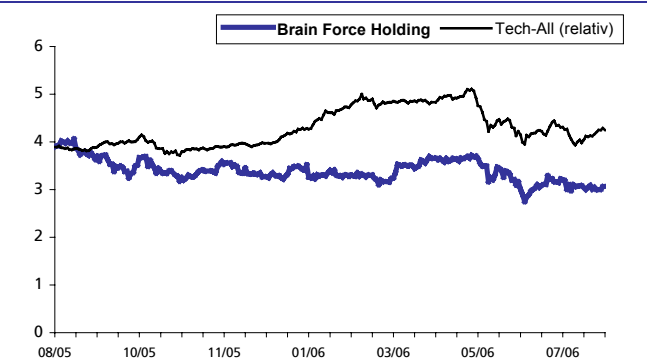


**Buy** Risk: **Target: 4,35 €** **400% EPS growth**  
 (old: Buy) high

Bloomberg: BFC Price: 3,07 €  
 Reuters: BFCG.DE Tech-AS: 818,92  
 ISIN: AT0000820659  
 Internet: www.Brainforce.com  
 Segment: Prime Standard  
 Sector: IT-Services



Price data: Bloomberg 07.08.2006 / closing price

High / Low 52 W: 4,08 € / 2,64 €  
 Market capitalisation: 47,24 €m  
 No. of shares (fully diluted): 15,39 mln.

Shareholders: Free float 71,59%  
 H. Fleischmann Privatstiftung 23,4%  
 BEKO Holding AG 5,01 %

Calendar: Figures Q2/06 28.08.2006  
 Figures Q3/06 27.11.2006  
 Analyst conference 29.11.2006

#### Analysis: SES Research

Published: 08.08.2006  
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The Brain Force Holding AG announced the preliminary figures for the first half of the fiscal year 2006 on 08.08.06. While sales were in line with expectations, the operative earnings figures EBIT and EBITDA were slightly lower.

	HY1/ 2006			y-o-y
	reported	expected	delta	
<b>Sales</b>	<b>42,90</b>	<b>42,92</b>	0,0%	33,9
<b>EBITDA</b>	<b>3,26</b>	<b>3,78</b>	-13,8%	1,8
Margin	7,6%	8,8%		5,3%
<b>EBIT</b>	<b>1,61</b>	<b>2,06</b>	-21,8%	0,8
Margin	3,8%	4,8%		2,5%
<b>Net income</b>	-	<b>1,24</b>	-	0,3
Margin	-	2,9%		1,0%
<b>EpS</b>	<b>0,15</b>	<b>0,08</b>	87,5%	0,03

EpA in €, all other in €m

Table 1; source: Brain Force, SES Research

The crucial point is yet that the integration of Brain Force Financial Solutions – announced on 17.07.2006 – will mean that the company may now benefit considerably by using the carryforward loss of around 60€m. This amount has partially been capitalised and led to a very good EPS. At the same time all future lower tax payments will also have a positive effect on the value.

Combined with the recent acquisition of System GmbH (please read our News-Flash of 23.06.06) this does thus mean a basis for higher prognoses and a higher price target (currently 4,35 €).

End fiscal year	12/05	12/06e	12/07e	12/08e	CAGR
<b>Sales</b>	76,6	90,6	99,4	106,3	11,5%
<b>EBITDA</b>	6,5	9,0	10,1	11,6	21,5%
Margin	8,44%	9,97%	10,15%	10,90%	
<b>EBIT</b>	3,6	4,7	5,4	6,7	23,0%
Margin	4,67%	5,19%	5,45%	6,27%	
<b>Net income</b>	3,0	3,4	3,8	4,6	15,2%
Margin	3,95%	3,74%	3,83%	4,35%	
<b>EpS</b>	0,30	0,22	0,25	0,30	0,6%
<b>Dividend</b>	0,08	0,08	0,10	0,11	11,2%
Yield	2,61%	2,61%	3,26%	3,58%	

EpS in €, all other in €m, price: 3,07 €

<b>Price/SALES</b>	0,62	0,52	0,48	0,44
<b>PER</b>	10,40	13,94	12,40	10,22
<b>EV/Sales</b>	0,41	0,34	0,31	0,29
<b>EV/EBITDA</b>	4,83	3,46	3,10	2,69

## Key Figures Brain Force Holding

P&L (in million €)	2005	2006e	2007e	2008e
Sales	76,6	90,6	99,4	106,3
Total performance	78,9	93,4	102,5	109,6
Material expenses	53,4	62,6	68,8	73,3
Gross profit	25,5	30,8	33,7	36,4
Personnel costs	12,8	15,0	15,9	16,4
Other operating expenses	21,9	26,1	28,3	29,7
EBITDA	6,5	9,0	10,1	11,6
Depreciation/Amortisation	2,9	4,3	4,7	4,9
- thereof goodwill amortisation	0,4	0,7	0,7	0,7
EBIT	3,6	4,7	5,4	6,7
Financial result	0,1	0,1	0,4	0,4
Extraordinary income	0,0	0,0	0,0	0,0
EBT	3,7	4,8	5,8	7,1
Taxes	0,5	1,4	2,0	2,5
Net income before minority interest	3,1	3,4	3,8	4,6
Net income	3,0	3,4	3,8	4,6
Dividend payout	0,8	1,2	1,5	1,7

Cash flow	2005	2006e	2007e	2008e
Operating cash flow	5,9	7,7	8,5	9,6
Free cash flow	-2,6	2,3	2,9	2,8
Capital expenditures	9,9	3,6	4,0	4,3

Balance sheet (million €)	2005	2006e	2007e	2008e
Fixed assets	1,5	1,7	1,9	2,1
Intangible assets	18,3	17,4	17,3	16,4
Net working capital	17,5	19,3	20,3	21,8
Current assets	39,1	59,3	61,7	65,2
Liquid funds	11,8	29,1	29,1	30,4
Shareholders' equity	32,1	50,6	53,2	56,2
Provisions	6,6	6,6	6,0	5,0
Financial liabilities	6,2	6,2	6,2	6,2
Net cash	5,6	22,9	23,0	24,2
Balance sheet total	63,6	83,2	85,7	88,6

Accounting standard	IFRS	IFRS	IFRS	IFRS
End of fiscal year	31.12.2005	31.12.2006	31.12.2007	31.12.2008

Growth rates	2005	2006e	2007e	2008e
Sales	18,9%	18,3%	9,7%	7,0%
EBITDA	45,8%	39,8%	11,6%	14,9%
EBIT	49,8%	31,5%	15,1%	23,0%
EBT	9,4%	30,7%	21,1%	21,4%
Net income	70,6%	11,9%	12,4%	21,4%
Dividend	n.m.	0,0%	25,0%	10,0%

Cost ratios	2005	2006e	2007e	2008e
Material expenses / sales	69,7%	69,1%	69,2%	68,9%
Personnel expenses / sales	16,7%	16,5%	16,0%	15,5%

Share data	
Share price (€)	3,07
Market cap. (million €)	47,2
Enterprise value (million €)	31,2

Per share data	2005	2006e	2007e	2008e
Earnings per share (€)	0,30	0,22	0,25	0,30
Sales per share (€)	7,47	5,89	6,46	6,91
Free cash flow per share (€)	-0,25	0,15	0,19	0,18
Dividend per share (€)	0,08	0,08	0,10	0,11

Valuation	2005	2006e	2007e	2008e
PER	10,40	13,94	12,40	10,22
Price/SALES	0,41	0,52	0,48	0,44
EV/SALES	0,41	0,34	0,31	0,29
EV/EBITDA	4,83	3,46	3,10	2,69
EV/EBIT	8,72	6,63	5,76	4,69
Price/Book value	1,47	0,93	0,89	0,84
Dividend yield	2,6%	2,6%	3,3%	3,6%

Number of shares (million)	2005	2006e	2007e	2008e
Ordinary shares outstanding	10,26	15,39	15,39	15,39

Profitability	2005	2006e	2007e	2008e
EBITDA / SALES	8,4%	10,0%	10,1%	10,9%
EBIT / SALES	4,7%	5,2%	5,5%	6,3%
EBT / SALES	4,8%	5,3%	5,9%	6,6%
Net income / SALES	4,0%	3,7%	3,8%	4,3%
Return on equity	9,4%	6,7%	7,2%	8,2%
Return on total assets	5,2%	4,4%	4,8%	5,6%
ROCE	9,2%	11,8%	13,2%	15,9%

## Company profile

Brain Force Holding AG is a holding for investments in the field of Software. Brain Force primarily has shareholdings which are software product companies on the one hand and companies which possess implementation expertise on the other. Brain Force Holding AG is headquartered in Vienna. Most of the company's sales are earned in Germany, Italy and Austria. Brain Force was founded in 1983 and converted into an AG in 1998. This was also the year of the company's IPO.

## Management

Helmut Fleischmann (CEO), Wolfgang Lippert (CFO)

## Shareholders

Free float	77,98%
Helmut Fleischmann	2,15%
Helmut Fleischmann Privatstiftung	14,82%
Beko Holding	5,00%
Own shares	0,05%

Sources: Companies (reported data), SES Research (prognoses and key figures), Bloomberg (price data)

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