Brain Force Holding

Hold	(old: Hold)
PT EUR 1.25	(old: 1.25)

Price	EUR 1.34
Bloomberg	BFC AV
Reuters	BFCG
Sector	IT Services

IT services holding, active throughout Europe with an own product portfolio

Share data: 11.05.2010 / Closing price

Market cap:	EUR 20.6 m
Enterprise Value (EV):	EUR 29.7 m
Book value:	EUR 19.9 m
No. of shares:	15.4 m
Trading volume Ø:	EUR 4.0 th

Shareholders:

BEKO Holding AG	54.7 %
Free Float	27.8 %
Erster Priv. Inv. Club Köln	17.0 %
Cross Industries	0.6 %

Calendar:

Figures Q3	08/12/10

Change	2009/10E		2010/11E		2011/12E	
	old	Δ%	old	Δ%	old	Δ%
Sales	70.0	0	73.5	-2.9	77.2	-4.7
EBIT	1.0	206	2.5	-22.9	2.6	-4.7
EPS	0.01	n.m.	0.06	n.m.	0.07	14.3

Analysis: SES Research
Date of publication: 12.05.2010
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Positive earnings thanks to consolidation effects

On May 12, 2010 Brain Force Holding released H1 figures. While sales were in line with expectations the reported earnings figures are impacted by major structural measures.

- These effects include in particular **non-recurring restructuring expenses** of EUR 1.97m.
- Additionally, the company generated **a book gain from the sale of the Professional Services business in Austria** of EUR 2.47m and the uncovering of a hidden reserve owing to the **first-time at equity consolidation of SolveDirect** (EUR 3.86m).

Brain Force - Q2 2010

Figures in EUR m	Q2/10	Q2/09	yoy	Consensus	6M/10	6M/09	yoy	Consensus
Sales	16.4	22.0	-25.4%	0,0	37.4	49.5	-24.4%	0,0
EBITDA	1.7	1.2	49.0%	0,0	5.2	3.4	53.8%	0,0
margin	*10.6%*	*5.3%*		-	*14.0%*	*6.9%*		-
EBIT	1.1	0.2	361.8%	0,0	3.7	1.5	141.0%	0,0
margin	*6.6%*	*1.1%*		-	*9.8%*	*3.1%*		-
EPS in EUR	-0.01	-0.02	-50.0%	0,00	0.14	-0.23	-	0,00

Sources: Brain Force (historical data), SES Research (estimates)

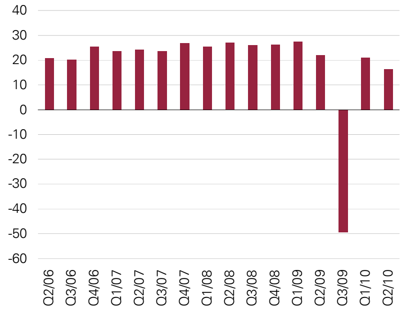
A combination of all these effects leads to a significant increase of estimates for the reported earnings figures in 2009/10, while the sales expectation remains unchanged. Adjusted for all non-recurring (restructuring) and non-operating effects (consolidation) the EBIT in 2009/10 is still slightly negative at ca. EUR 1.1m. The estimates for the next fiscal year (2010/11) remain unchanged and **anticipate a return to an operating profitability**. Apart from a slight pick-up in sales, earnings are mainly driven by the completed restructuring. As a result of the structural modifications 165 employees (24% of the headcount) were set free across the group since the end of 2008 including the measures recently taken at the Frankfurt site and in the Netherlands. **This results in a cost reduction of EUR 9.44m p.a.** Additional savings were achieved by adjusting the free employee capacities as well as the other cost positions. The full effect of these measures will be visible in FY 2010/11. In strategic terms, the company is already geared towards growth again and has taken a further step towards consulting on the basis of Microsoft-ERP with the small acquisition of Inisys (22 employees). Brain Force aims at an intensive know-how transfer and the generation of cross-selling potentials/synergies between the subsidiaries in Austria and Italy. Additionally, the partnership with Microsoft is planned to be further expanded.

Against the backdrop of unchanged forecasts for 2010/11 the PT remains unchanged as well. Hold rating reiterated.

The table shows the full business years from 01.01. to 31.12. for the year 2006 – 2008. FY 2008/09 is a short business year from 01.01. – 30.09. From 2009/10, the full business year begins on 01.10.

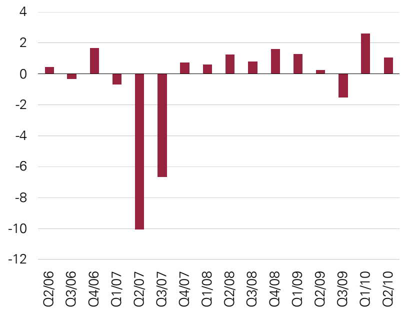
Fiscal year ending: 30.9. in EUR m 2008/09 ist Rumpfgeschäftsjahr	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E	2011/12E
Sales	88.5	98.3	105	61.7	70.0	71.4	73.5
Change Sales yoy	15.5 %	11.1 %	6.3 %	-41.0 %	13.5 %	2.0 %	3.0 %
Gross balance	88.5	19.3	27.1	12.4	14.0	17.5	18.0
Gross margin	*100.0 %*	*19.6 %*	*25.9 %*	*20.1 %*	*20.0 %*	*24.5 %*	*24.5 %*
EBITDA	6.5	0.3	8.2	-0.2	5.9	4.4	4.9
EBITDA-margin	7.4 %	0.4 %	7.8 %	-0.3 %	8.4 %	6.2 %	6.7 %
EBIT	2.9	-16.7	4.3	-2.9	3.2	1.9	2.5
EBIT-margin	3.3 %	-17.0 %	4.1 %	-4.7 %	4.5 %	2.7 %	3.4 %
Net income	4.2	-19.9	-2.1	-4.8	-0.5	-1.2	1.3
EPS	0.10	-1.29	-0.14	-0.31	-0.03	-0.08	0.08
Free Cash Flow per share	0.31	-0.31	0.31	-0.02	-0.29	-0.03	0.13
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
EV/Sales	0.3	0.3	0.3	0.5	0.4	0.4	0.4
EV/EBITDA	4.3	81.6	3.4	n.m.	5.0	6.8	5.7
EV/EBIT	9.7	n.m.	6.6	n.m.	9.4	15.6	11.3
PER	13.4	n.m.	n.m.	n.m.	n.m.	n.m.	16.8
ROCE	4.8 %	-30.2 %	9.4 %	-7.4 %	8.8 %	5.4 %	7.0 %
Adj. Free Cash Flow Yield	15.1 %	n.a.	19.6 %	n.a.	14.1 %	9.8 %	12.2 %

Sales development
in EUR m



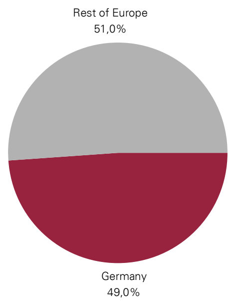
Source: Brain Force

EBIT development
in EUR m



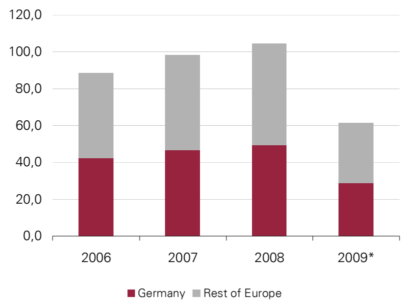
Source: Brain Force

Sales by regions
2009/10e



Source: Brain Force

Development Sales Split by regions
in EUR m



* shortened fiscal year
Source: Brain Force

Company background

Brain Force Holding is an Austrian software holding with different IT companies. Having grown through heterogeneous acquisitions, the company is focussed – after a restructuring in 2008 - on the following areas:

- Business Solutions: Mainly IT services and products in the area of application software (Microsoft Dynamics) and own solutions for financial service companies (FINAS Suite).

- Infrastructure Optimisation Solutions: Infrastructure solutions for the implementation, optimisation and smooth operation of IT networks as well as the world's largest SaaS IT service management platform.

- Professional Services: Body leasing of IT experts.

Besides, the company divested unprofitable and unattractive business units and focused the remaining business units to the profitable sites.

Competitive quality

As a classical IT service company Brain Force is position in a highly competed market with a heterogeneous competitive structure. In competition Brain Force benefits from:

- its 25 years of experience,
- excellent references,
- a strong regional footprint
- appropriate local manning level (critical mass)
- and focused (high margin) own software products in the field of corporate software for financial service companies or products to optimise the infrastructure.

Furthermore, a high share of existing long-term contract customers is a sound basis for the business of Brain Force.

Consolidated Profit & Loss Brain Force Holding in EUR m	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E	2011/12E
Sales	**88.5**	**98.3**	**105**	**61.7**	**70.0**	**71.4**	**73.5**
Cost of sales	0.0	79.1	77.4	49.3	56.0	53.9	55.5
Gross balance	**88.5**	**19.3**	**27.1**	**12.4**	**14.0**	**17.5**	**18.0**
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales and marketing	0.0	11.9	11.0	6.7	7.7	7.9	8.2
General and administration	0.0	14.2	10.7	6.6	7.6	7.7	7.4
Other operating income/expenses	0.0	-1.2	-1.1	-0.6	0.0	0.0	0.0
Unfrequent items	**0.0**	**0.0**	**0.0**	**-1.4**	**4.4**	**0.0**	**0.0**
EBITDA	**6.5**	**0.3**	**8.2**	**-0.2**	**5.9**	**4.4**	**4.9**
Depreciation of fixed assets	0.7	0.8	0.9	0.7	0.9	0.7	0.7
EBITA	**5.8**	**-0.5**	**7.3**	**-0.9**	**5.0**	**3.7**	**4.3**
Amortisation of intangible fixed assets	2.9	7.6	3.0	2.0	1.8	1.8	1.8
Impairment charges and amortisation of goodwill	0.0	8.6	0.0	0.0	0.0	0.0	0.0
EBIT	**2.9**	**-16.7**	**4.3**	**-2.9**	**3.2**	**1.9**	**2.5**
Interest income	0.1	0.1	0.0	0.4	0.0	0.0	0.0
Interest expenses	0.2	0.8	1.5	0.6	0.7	0.7	0.7
Financial result	0.3	-1.2	-1.4	-0.3	-3.2	-2.7	-0.7
Recurring pretax income from cont. operations	**3.2**	**-17.9**	**2.8**	**-3.1**	**0.0**	**-0.8**	**1.8**
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**3.2**	**-17.9**	**2.8**	**-3.1**	**0.0**	**-0.8**	**1.8**
Taxes total	-0.9	2.0	4.4	-0.7	0.2	0.4	0.5
Net income from continuing operations	**4.2**	**-19.9**	**-1.6**	**-2.4**	**-0.3**	**-1.2**	**1.3**
Income from discontinued operations (net of tax)	0.0	0.0	-0.5	-2.4	-0.2	0.0	0.0
Net income before minorities	**4.2**	**-19.9**	**-2.1**	**-4.8**	**-0.5**	**-1.2**	**1.3**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**4.2**	**-19.9**	**-2.1**	**-4.8**	**-0.5**	**-1.2**	**1.3**

Sources: Brain Force Holding (historical data), SES Research (forecasts)

Consolidated Profit & Loss Brain Force Holding in % of Sales	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E	2011/12E
Sales	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Cost of sales	0.0 %	80.4 %	74.1 %	80.0 %	80.0 %	75.5 %	75.5 %
Gross balance	**100.0 %**	**19.6 %**	**25.9 %**	**20.1 %**	**20.0 %**	**24.5 %**	**24.5 %**
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales and marketing	0.0 %	12.1 %	10.5 %	10.9 %	11.0 %	11.0 %	11.1 %
General and administration	0.0 %	14.5 %	10.3 %	10.6 %	10.8 %	10.8 %	10.0 %
Other operating income/expenses	0.0 %	-1.2 %	-1.0 %	-1.0 %	0.0 %	0.0 %	0.0 %
Unfrequent items	**0.0 %**	**0.0 %**	**0.0 %**	**-2.2 %**	**6.3 %**	**0.0 %**	**0.0 %**
EBITDA	**7.4 %**	**0.4 %**	**7.8 %**	**-0.3 %**	**8.4 %**	**6.2 %**	**6.7 %**
Depreciation of fixed assets	0.8 %	0.8 %	0.8 %	1.1 %	1.3 %	1.0 %	0.9 %
EBITA	**6.5 %**	**-0.5 %**	**7.0 %**	**-1.4 %**	**7.1 %**	**5.2 %**	**5.8 %**
Amortisation of intangible fixed assets	3.2 %	7.7 %	2.9 %	3.3 %	2.6 %	2.5 %	2.4 %
Impairment charges and amortisation of goodwill	0.0 %	8.8 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	**3.3 %**	**-17.0 %**	**4.1 %**	**-4.7 %**	**4.5 %**	**2.7 %**	**3.4 %**
Interest income	0.1 %	0.1 %	0.0 %	0.6 %	0.0 %	0.0 %	0.0 %
Interest expenses	0.3 %	0.8 %	1.4 %	1.0 %	1.0 %	1.0 %	1.0 %
Financial result	0.4 %	-1.3 %	-1.4 %	-0.4 %	-4.6 %	-3.8 %	-1.0 %
Recurring pretax income from cont. operations	**3.7 %**	**-18.2 %**	**2.7 %**	**-5.1 %**	**-0.1 %**	**-1.1 %**	**2.5 %**
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	**3.7 %**	**-18.2 %**	**2.7 %**	**-5.1 %**	**-0.1 %**	**-1.1 %**	**2.5 %**
Taxes total	-1.1 %	2.0 %	4.2 %	-1.2 %	0.3 %	0.6 %	0.7 %
Net income from continuing operations	**4.7 %**	**-20.3 %**	**-1.5 %**	**-3.9 %**	**-0.4 %**	**-1.6 %**	**1.8 %**
Income from discontinued operations (net of tax)	0.0 %	0.0 %	-0.5 %	-3.9 %	-0.3 %	0.0 %	0.0 %
Net income before minorities	**4.7 %**	**-20.3 %**	**-2.0 %**	**-7.8 %**	**-0.6 %**	**-1.6 %**	**1.8 %**
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	**4.7 %**	**-20.3 %**	**-2.0 %**	**-7.8 %**	**-0.6 %**	**-1.6 %**	**1.8 %**

Sources: Brain Force Holding (historical data), SES Research (forecasts)

Balance sheet Brain Force Holding

in EUR m	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E	2011/12E
Assets							
Intangible assets	31.8	28.9	25.8	24.7	14.4	13.2	12.1
thereof other intangible assets	10.5	13.1	11.3	10.2	3.4	2.2	1.0
thereof Goodwill	21.3	15.9	14.5	14.5	11.0	11.0	11.0
Property, plant and equipment	1.6	2.3	2.5	2.5	2.6	2.8	3.2
Financial assets	0.7	0.2	0.2	0.2	11.5	11.5	11.5
Fixed assets	**34.1**	**31.4**	**28.5**	**27.4**	**28.5**	**27.6**	**26.7**
Inventories	0.3	0.3	0.2	0.3	0.4	0.4	0.4
Accounts receivable	25.9	28.2	26.9	19.5	19.2	19.6	20.1
Other Assets	7.7	5.0	1.9	1.8	2.0	2.0	2.0
Liquid assets	13.5	9.4	8.8	5.5	3.5	3.0	4.9
Current assets	**47.5**	**42.9**	**37.8**	**27.1**	**25.1**	**25.0**	**27.4**
Total assets	**81.6**	**74.3**	**66.3**	**54.4**	**53.5**	**52.6**	**54.2**
Liabilities and shareholders' equity							
Subscribed capital	15.4	15.4	15.4	15.4	15.4	15.4	15.4
Additional paid-in capital	24.8	15.5	15.5	12.4	12.4	12.4	12.4
Surplus capital	0.0	0.0	0.0	0.0	-0.5	-1.6	-0.3
Other equity components	8.0	-4.7	-6.8	-8.4	-7.4	-7.3	-7.3
Book value	48.1	26.3	24.1	19.3	19.9	18.8	20.1
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	**48.1**	**26.3**	**24.1**	**19.3**	**19.9**	**18.8**	**20.1**
Provision for pensions and similar obligations	3.9	2.6	2.3	2.0	1.5	1.0	1.0
Provisions	10.0	7.5	4.3	5.1	3.6	1.6	1.6
Financial liabilities	2.5	16.0	13.7	11.2	11.0	11.0	11.0
Accounts payable	8.5	9.8	8.3	7.5	8.2	8.4	8.7
Other liabilities	12.4	14.8	15.9	11.3	9.3	9.3	9.3
Liabilities	**33.5**	**48.1**	**42.2**	**35.1**	**33.6**	**33.8**	**34.1**
Total liabilities and shareholders equity	**81.6**	**74.3**	**66.3**	**54.4**	**53.5**	**52.6**	**54.2**

Sources: Brain Force Holding (historical data), SES Research (forecasts)

Balance sheet Brain Force Holding

in % of Balance Sheet Total	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E	2011/12E
Assets							
Intangible assets	39.0 %	38.9 %	39.0 %	45.5 %	27.7 %	27.2 %	24.0 %
thereof other intangible assets	12.9 %	17.6 %	17.1 %	18.8 %	6.5 %	4.6 %	2.1 %
thereof Goodwill	26.1 %	21.4 %	21.9 %	26.7 %	21.2 %	22.7 %	22.0 %
Property, plant and equipment	2.0 %	3.1 %	3.8 %	4.5 %	4.9 %	5.8 %	6.3 %
Financial assets	0.9 %	0.3 %	0.3 %	0.4 %	19.2 %	16.5 %	15.9 %
Fixed assets	**41.8 %**	**42.3 %**	**43.0 %**	**50.4 %**	**51.9 %**	**49.5 %**	**46.3 %**
Inventories	0.4 %	0.4 %	0.3 %	0.5 %	0.8 %	0.8 %	0.8 %
Accounts receivable	31.7 %	37.9 %	40.6 %	35.8 %	36.9 %	40.3 %	40.0 %
Other Assets	9.5 %	6.8 %	2.9 %	3.3 %	3.9 %	4.1 %	4.0 %
Liquid assets	16.6 %	12.7 %	13.3 %	10.2 %	6.7 %	5.1 %	8.8 %
Current assets	**58.2 %**	**57.7 %**	**57.0 %**	**49.7 %**	**48.2 %**	**50.4 %**	**53.6 %**
Total assets	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Liabilities and shareholders' equity							
Subscribed capital	18.9 %	20.7 %	23.2 %	28.3 %	29.6 %	31.7 %	30.7 %
Additional paid-in capital	30.3 %	20.9 %	23.4 %	22.8 %	23.8 %	25.5 %	24.7 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	-0.9 %	-3.3 %	-0.6 %
Other equity components	9.8 %	-6.3 %	-10.2 %	-15.5 %	-14.3 %	-16.2 %	-15.6 %
Book value	58.9 %	35.4 %	36.4 %	35.5 %	38.2 %	37.6 %	39.0 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	**58.9 %**	**35.4 %**	**36.4 %**	**35.5 %**	**38.2 %**	**37.6 %**	**39.0 %**
Provision for pensions and similar obligations	4.8 %	3.4 %	3.4 %	3.6 %	2.9 %	2.1 %	2.0 %
Provisions	12.2 %	10.1 %	6.4 %	9.4 %	7.0 %	3.3 %	3.2 %
Financial liabilities	3.1 %	21.5 %	20.7 %	20.6 %	21.2 %	22.6 %	21.9 %
Accounts payable	10.4 %	13.2 %	12.6 %	13.8 %	15.8 %	17.3 %	17.3 %
Other liabilities	15.3 %	20.0 %	23.9 %	20.8 %	17.9 %	19.1 %	18.5 %
Liabilities	**41.0 %**	**64.7 %**	**63.6 %**	**64.6 %**	**61.8 %**	**62.4 %**	**61.0 %**
Total liabilities and shareholders equity	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

Sources: Brain Force Holding (historical data), SES Research (forecasts)

Statement of Cash Flows Brain Force Holding

in EUR m	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E	2011/12E
Net income	4.2	-19.9	1.9	-3.4	-0.5	-1.2	1.3
Depreciation of fixed assets	0.7	0.8	0.9	0.7	0.9	0.7	0.7
Amortisation of goodwill	0.0	8.6	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.9	7.6	3.0	2.0	1.8	1.8	1.8
Increase/decrease in long-term provisions	0.0	-1.2	-0.3	-0.4	-0.5	0.0	0.0
Other costs affecting income / expenses	-3.7	-0.7	-0.2	0.1	-3.0	0.0	0.0
Cash Flow	**4.1**	**-4.8**	**5.2**	**-1.1**	**-1.2**	**1.3**	**3.7**
Increase / decrease in inventory	0.0	0.1	0.1	-0.1	-0.1	0.0	0.0
Increase / decrease in accounts receivable	3.6	0.5	1.0	7.2	0.3	-0.4	-0.5
Increase / decrease in accounts payable	-0.5	2.2	-1.4	-0.8	0.7	0.2	0.3
Increase / decrease in other working capital positions	0.0	0.0	2.1	-3.7	-2.4	0.0	0.0
Increase / decrease in working capital	3.1	2.8	1.8	2.6	-1.6	-0.2	-0.2
Cash flow from operating activities	**7.2**	**-2.0**	**7.0**	**1.5**	**-2.8**	**1.1**	**3.5**
CAPEX	-2.8	-2.8	-2.2	-1.9	-1.6	-1.6	-1.6
Payments for acquisitions	-11.2	-6.9	-2.3	-0.3	2.2	0.0	0.0
Financial investments	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.1	0.1	0.4	0.0	0.0	0.0
Cash flow from investing activities	**-13.9**	**-9.6**	**-4.4**	**-1.7**	**0.6**	**-1.6**	**-1.6**
Change in financial liabilities	-4.4	12.3	-2.3	-2.5	-0.2	0.0	0.0
Dividends paid	-0.8	-1.5	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	-0.1	-3.0	0.0	0.0	0.0	0.0	0.0
Capital measures	14.1	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.3	0.0	0.0
Cash flow from financing activities	**8.7**	**7.8**	**-2.3**	**-2.5**	**0.1**	**0.0**	**0.0**
Change in liquid funds	2.1	-3.8	0.3	-2.7	-2.1	-0.5	1.9
Effects of exchange rate changes on cash	**0.0**	**0.0**	**-1.0**	**-0.6**	**0.0**	**0.0**	**0.0**
Liquid assets at end of period	**13.2**	**9.4**	**8.8**	**5.5**	**3.5**	**3.0**	**4.9**

Sources: Brain Force Holding (historical data), SES Research (forecasts)

Financial Ratios Brain Force Holding

	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E	2011/12E
Operational Efficiency							
Total Operating Costs / Sales	94.8 %	27.8 %	21.8 %	22.5 %	21.8 %	21.8 %	21.1 %
Sales per Employee	75,538	85,805	92,564	63,078	68,166	66,219	64,957
EBITDA per Employee	5,559	302	7,254	-207	5,726	4,106	4,352
EBIT-margin	3.3 %	-17.0 %	4.1 %	-4.7 %	4.5 %	2.7 %	3.4 %
EBITDA / Operating Assets	33.8 %	1.6 %	38.6 %	-1.4 %	42.1 %	30.7 %	32.9 %
ROA	12.2 %	-63.3 %	-7.4 %	-17.6 %	-1.6 %	-4.3 %	4.9 %
Efficiency of Capital Employment							
Plant Turnover	54.9	42.2	41.9	25.0	27.4	25.1	23.1
Operating Assets Turnover	4.6	4.7	4.9	4.2	5.0	4.9	4.9
Capital Employed Turnover	1.5	2.0	2.5	1.7	1.9	2.0	2.0
Return on Capital							
ROCE	4.8 %	-30.2 %	9.4 %	-7.4 %	8.8 %	5.4 %	7.0 %
EBITDA / Avg. Capital Employed	10.7 %	0.6 %	17.8 %	-0.5 %	16.4 %	12.5 %	13.9 %
ROE	8.7 %	-75.8 %	-8.7 %	-25.0 %	-2.3 %	-6.2 %	6.5 %
Net Profit / Avg. Equity	17.4 %	-53.6 %	-8.3 %	-22.2 %	-2.3 %	-6.1 %	6.7 %
Recurring Net Profit / Avg. Equity	17.4 %	-53.6 %	-6.3 %	-11.1 %	-1.3 %	-6.1 %	6.7 %
ROIC	6.7 %	-38.1 %	-3.5 %	-6.4 %	-0.7 %	-3.3 %	3.6 %
Solvency							
Net Debt	-11.0	6.5	4.9	5.7	7.5	8.0	6.1
Net Gearing	-22.8 %	24.9 %	20.2 %	29.2 %	38.0 %	42.6 %	30.3 %
Book Value of Equity / Book Value of Debt	1889.0 %	164.4 %	176.4 %	172.6 %	180.6 %	170.8 %	182.7 %
Current ratio	2.1	1.5	1.4	1.4	1.4	1.4	1.5
Acid Test Ratio	1.4	1.2	1.2	1.1	1.1	1.1	1.1
EBITDA / Interest Paid	29.5	0.4	5.5	0.0	8.4	6.3	7.0
Interest Cover	30.7	n.a.	3.0	n.a.	4.5	2.8	3.6
Cash Flow							
Free Cash Flow	4.4	-4.8	4.8	-0.3	-4.4	-0.5	1.9
Free Cash Flow / Sales	5.0 %	-4.9 %	4.6 %	-0.5 %	-6.3 %	-0.7 %	2.6 %
Adj. Free Cash Flow	4.3	-1.9	5.5	-4.4	4.2	2.9	3.4
Adj. Free Cash Flow / Sales	2.2 %	-4.1 %	2.7 %	-4.8 %	5.0 %	2.6 %	3.0 %
Free Cash Flow / Net Profit	105.7 %	24.3 %	-228.4 %	6.5 %	974.9 %	40.4 %	148.2 %
Interest Received / Avg. Cash	0.9 %	0.6 %	0.4 %	5.1 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	8.7 %	8.5 %	10.0 %	5.0 %	6.3 %	6.4 %	6.4 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fund Management							
Investment ratio	3.1 %	2.7 %	2.1 %	3.0 %	2.3 %	2.2 %	2.2 %
Maint. Capex / Sales	2.5 %	2.3 %	2.0 %	2.8 %	2.1 %	2.1 %	2.0 %
Capex / Dep	76.3 %	15.7 %	57.4 %	69.2 %	58.6 %	64.0 %	65.9 %
Avg. Working Capital / Sales	20.0 %	18.5 %	17.9 %	25.1 %	16.9 %	16.1 %	15.9 %
Trade Creditors / Trade Debtors	303.4 %	288.0 %	322.5 %	258.5 %	234.1 %	233.3 %	231.0 %
Inventory turnover (days)	1.4	1.0	0.6	1.6	1.8	1.8	1.8
Receivables collection period (DSOs)	107	105	93.9	115	100	100	100
Payables collection period (days)	35.1	36.3	29.1	44.5	43.0	43.0	43.0
Cash conversion cycle (days)	72.9	69.3	65.5	72.2	58.8	58.8	58.8
Valuation							
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/B	0.4	0.8	0.9	1.1	1.0	1.1	1.0
EV/sales	0.3	0.3	0.3	0.5	0.4	0.4	0.4
EV/EBITDA	4.3	81.6	3.4	n.m.	5.0	6.8	5.7
EV/EBIT	9.7	n.m.	6.6	n.m.	9.4	15.6	11.3
EV/FCF	6.4	n.m.	5.9	n.m.	n.m.	n.m.	14.6
P/E	13.4	n.m.	n.m.	n.m.	n.m.	n.m.	16.8
P/CF	5.0	neg,	4.0	neg,	neg,	15.5	5.5
Adj. Free Cash Flow Yield	14.6 %	n.a.	18.5 %	n.a.	n.a.	4.4 %	13.2 %

Sources: Brain Force Holding (historical data), SES Research (forecasts)

Free Cash Flow Yield - Brain Force Figures in EUR m		2006	2007	2008	2009	2010e	2011e	2012e
Net Income		4.2	-19.9	-2.1	-4.8	-0.5	-1.2	1.3
+ Depreciation + Amortisation		3.6	17.0	3.9	2.7	2.7	2.5	2.4
- Net Interest Income		0.3	-1.2	-1.4	-0.3	-3.2	-2.7	-0.7
+ Taxes		-0.9	2.0	4.4	-0.7	0.2	0.4	0.5
- Maintenance Capex		2.2	2.3	2.1	1.7	1.5	1.5	1.5
+ Others		0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Adjusted Free Cash Flow		**4.3**	**-1.9**	**5.5**	**-4.4**	**4.2**	**2.9**	**3.4**
Adjusted Free Cash Flow Yield		15.1%	-6.8%	19.6%	-15.5%	14.1%	9.8%	12.2%
Hurdle rate		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value		**28.2**	**28.2**	**28.2**	**28.2**	**29.7**	**30.1**	**28.2**
= Fair Enterprise Value		**42.7**	**-**	**55.5**	**-**	**41.9**	**29.4**	**34.4**
- Net Debt (Cash)		5.6	5.6	5.6	5.6	7.5	8.5	6.6
- Pension Liabilities		2.0	2.0	2.0	2.0	1.5	1.0	1.0
- Others		0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation		**35.1**	**-**	**47.8**	**-**	**32.9**	**19.9**	**26.8**
No. of shares (m)		15.4	15.4	15.4	15.4	15.4	15.4	15.4
= Fair value per share (EUR)		**2.28**	**-**	**3.11**	**-**	**2.14**	**1.29**	**1.74**
premium (-) / discount (+) in %		70.1%	-	132.1%	-	59.5%	-3.6%	30.0%
Sensitivity Fair value per Share (EUR)								
	13.0%	1.64	-	2.28	-	1.51	0.85	1.23
	12.0%	1.82	-	2.51	-	1.68	0.97	1.37
	11.0%	2.03	-	2.78	-	1.89	1.12	1.54
Hurdle rate	**10.0%**	**2.28**	**-**	**3.11**	**-**	**2.14**	**1.29**	**1.74**
	9.0%	2.59	-	3.51	-	2.44	1.50	1.99
	8.0%	2.97	-	4.01	-	2.82	1.77	2.30
	7.0%	3.47	-	4.65	-	3.30	2.11	2.70

Sources: Brain Force (historical data), SES Research (estimates)

DCF Model - Brain Force

Figures in EUR m	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e
Sales	70.0	71.4	73.5	77.2	81.1	85.1	89.4	93.9	96.2	98.6	101.1	103.6	106.2	108.8
Change	*13.5%*	*2.0%*	*3.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
EBIT	3.2	1.9	2.5	2.7	3.2	3.8	4.0	4.2	4.3	4.4	4.5	4.7	4.8	4.9
EBIT-Margin	*4.5%*	*2.7%*	*3.4%*	*3.5%*	*4.0%*	*4.5%*	*4.5%*	*4.5%*	*4.5%*	*4.5%*	*4.5%*	*4.5%*	*4.5%*	*4.5%*
Tax rate	*-400.0%*	*-51.8%*	*27.8%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*33.0%*	*35.0%*	*38.0%*	*39.0%*
NOPAT	3.4	2.9	1.8	1.9	2.3	2.7	2.8	3.0	3.0	3.1	3.0	3.0	3.0	3.0
Depreciation	2.7	2.5	2.4	1.9	1.6	1.7	1.8	1.9	1.9	2.0	2.0	2.1	2.1	2.2
in % of Sales	*3.9%*	*3.5%*	*3.3%*	*2.4%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
Change in Liquidity from														
- Working Capital	0.8	-0.2	-0.2	-0.6	-0.6	-0.7	-0.7	-0.7	-0.4	0.1	0.1	0.1	0.2	-0.4
- Capex	-1.6	-1.6	-1.6	-1.5	-1.6	-1.7	-1.8	-1.9	-1.9	-2.0	-2.0	-2.1	-2.1	-2.2
Capex in % of Sales	*2.3%*	*2.2%*	*2.2%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
Other	-0.5	-0.5	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	1.0	-0.1
Free Cash Flow (WACC-Model)	4.8	3.1	2.4	1.6	1.6	2.0	2.1	2.2	2.6	3.2	3.1	3.1	4.1	2.5

Model parameter

Debt ratio	10.00%	Beta	1.50
Costs of Debt	5.0%	WACC	10.56%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	2.50%

Valuation (mln)

Present values 2023e	19.3		
Terminal Value	7.6		
Liabilities	-13.2		
Liquidity	5.5	No. of shares (mln)	15.39
Equity Value	**19.3**	**Value per share (EUR)**	**1.25**

Sensitivity Value per Share (EUR)

Terminal Growth

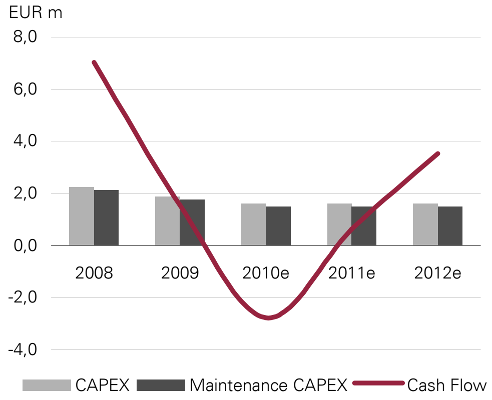
WACC	1.75%	2.00%	2.25%	**2.50%**	2.75%	3.00%	3.25%
11.56%	1.05	1.06	1.07	1.08	1.09	1.10	1.12
11.06%	1.13	1.14	1.15	1.16	1.17	1.19	1.20
10.81%	1.17	1.18	1.19	1.21	1.22	1.24	1.25
10.56%	1.21	1.22	1.24	**1.25**	1.27	1.28	1.30
10.31%	1.26	1.27	1.29	1.30	1.32	1.34	1.36
10.06%	1.30	1.32	1.34	1.35	1.37	1.39	1.42
9.56%	1.41	1.43	1.45	1.47	1.49	1.52	1.55

Delta EBIT-margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	**0.0**	+0.5 pp	+1.0 pp	+1.5 pp
11.56%	0.96	1.23	1.51	1.78	2.06	2.33	2.61
11.06%	1.01	1.30	1.58	1.87	2.15	2.44	2.73
10.81%	1.04	1.33	1.62	1.91	2.21	2.50	2.79
10.56%	1.07	1.37	1.67	**1.96**	2.26	2.56	2.86
10.31%	1.10	1.41	1.71	2.01	2.32	2.62	2.93
10.06%	1.14	1.45	1.76	2.07	2.38	2.69	3.00
9.56%	1.21	1.54	1.86	2.19	2.52	2.84	3.17

Source: SES Research

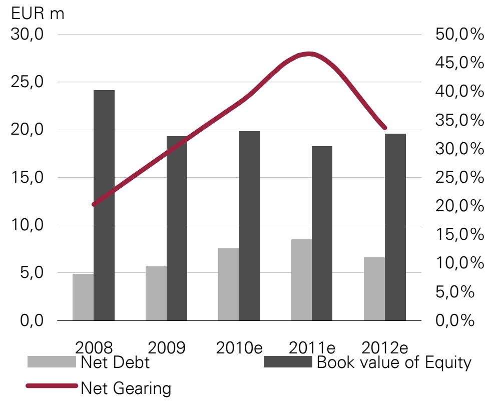
CAPEX and Cash Flow - Brain Force



Sources: Brain Force (historical data), SES Research (forecasts)

- Capex and maintenance capex are relatively stable
- Restructuring year 2007 with negative cash flow
- Cash Flow will be sustainably positive in 2009

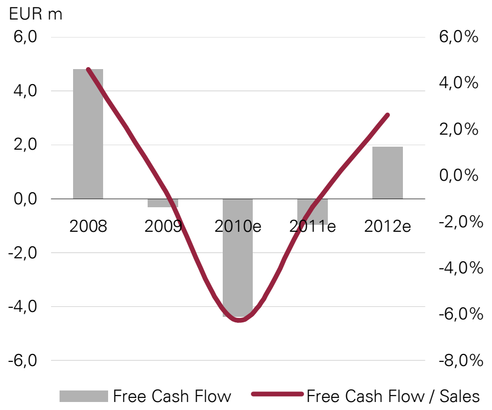
Balance Sheet Quality - Brain Force



Sources: Brain Force (historical data), SES Research (forecasts)

- Strong rise of net debt in 2007
- Write-downs reduced equity
- Net gearing drops to adequate level in 2010

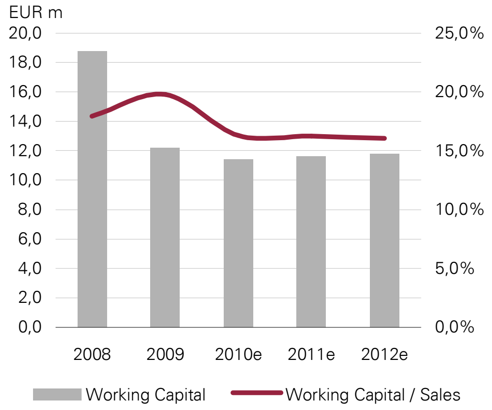
Free Cash Flow Generation - Brain Force



Sources: Brain Force (historical data), SES Research (forecasts)

- FCF clearly negative in restructuring year 2007
- Turnaround in 2008
- Typical positive CF generation from 2009 on

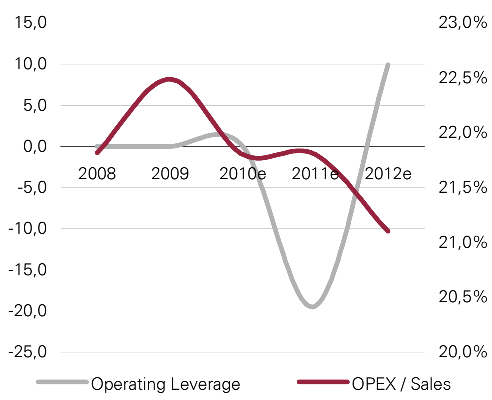
Working Capital - Brain Force



Sources: Brain Force (historical data), SES Research (forecasts)

- Working Capital grows moderately
- But ratio could be reduced
- Level is typical of the sector in comparison to sales

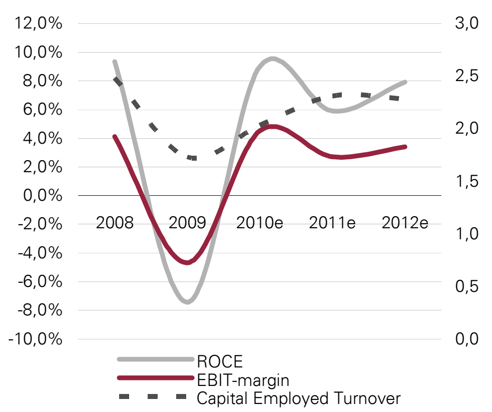
Operating Leverage - Brain Force



Sources: Brain Force (historical data), SES Research (forecasts)

- Operating Leverage not significant
- Volatile earnings were the reason...
- ...while contributions were low recently

ROCE Development - Brain Force



Sources: Brain Force (historical data), SES Research (forecasts)

- EBIT will turn positive again in 2008
- Stable margin level of 5% should be reached
- ROCE is analogous to it

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B	**Buy**:	The price of the analysed equity security is expected to rise over the next 12 months.
H	**Hold**:	The price of the analysed equity security is expected to remain mostly flat over the next 12 months.
S	**Sell**:	The price of the analysed equity security is expected to fall over the next 12 months.
"-"	**Rating suspended**:	The available information does not currently permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	114	57%
Hold	55	28%
Sell	11	6%
Rating suspended	20	10%
Total	**200**	

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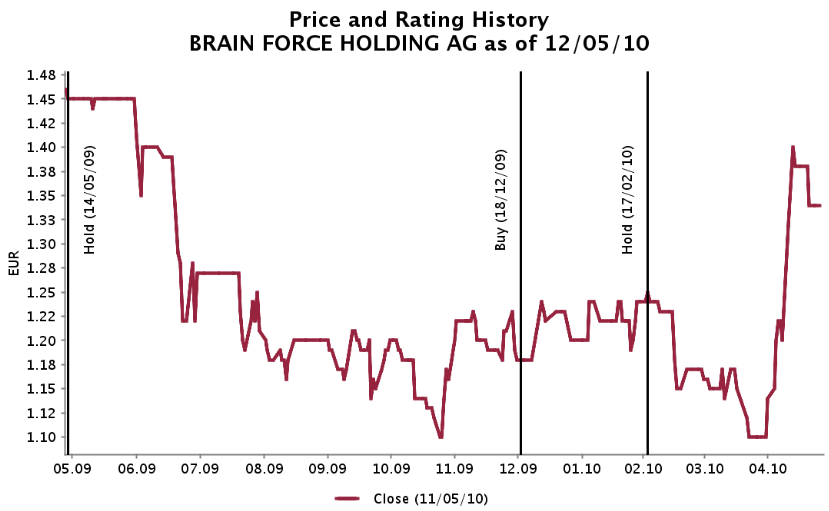
Rating	Number of stocks	% of Universe
Buy	87	64%
Hold	36	26%
Sell	2	1%
Rating suspended	11	8%
Total	**136**	



The charts have markings if SES Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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