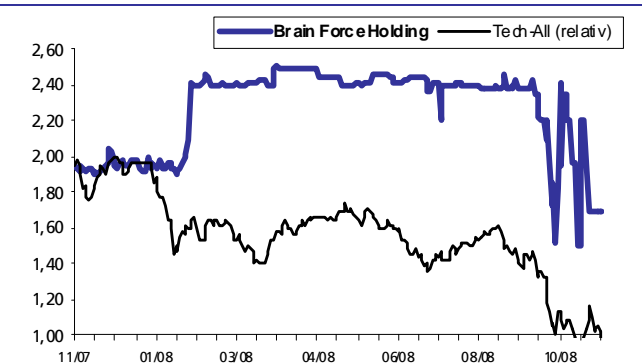


Buy Risk: **Price target: EUR 2.10**
(old: Hold) high (old: EUR 2.65)

Restructuring leads to impressive results

Bloomberg: BFC GY Price: EUR 1.69
Reuters: BFCG.DE Tech-AS: 568.06
ISIN: AT0000820659
Internet: www.Brainforce.com
Segment: Prime Standard
Sector: IT Services

On November 12, 2008, Brain Force Holding AG presented good 9M figures which exceeded expectations. They reveal the economic success of the company within the scope of its focus on the strictly profitable segments.



Share data: Bloomberg 13.11.2008 / Closing price

High / Low 52 W: EUR 2.51/ EUR 1.50
Market cap: EUR 26.01 m
No. of shares (fully diluted): 15.39 m

Shareholders: Free float 30.48%
BEKO Holding AG 53.85%
Cross Industries 0.63%
Erster Priv. Inv. Club Köln 15.04%

Calendar: n.a.

Analysis: SES Research

Date of publication: 14.11.2008
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Figures in EUR m	9M/08	9M/08e	9M/07	yoy
Sales	78.3	77.3	71.4	9.6%
EBITDA	5.7	5.1	-1.6	-
<i>margin</i>	7.3%	6.6%	-2.2%	-
EBIT	2.7	2.0	-17.4	-
<i>margin</i>	3.4%	2.6%	-24.4%	-

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

The company now also increased the forecast for FY 2008. It anticipates EBITDA of at least EUR 7.0 m (former guidance: EUR 6 to 7 m) as well as EBIT in excess of EUR 3.0 m (formerly: EUR 2 to 3 m). Sales are expected to surpass EUR 100 m. This is in line with the former expectations (SES).

That said the negative fact about the reported figures is a possible depreciation on the goodwill of Solvedirect and a possible revaluation of a convertible bond for Kemp Inc. issued in 2005. The takeover of Brain Force by BF Informationstechnologie Beteiligungsgesellschaft mbH and the integration of this company into Beko might also lead to a revaluation of the tax carry-forwards. The PT is reduced to EUR 2.10 owing to the uncertainties associated with the effects mentioned above. This PT also includes the approach of an increased discount factor due to the uncertainties of the present economic development.

Against the backdrop of the substantial share price slump over the last few weeks the share is upgraded from Hold to Buy.

Fiscal year ending: 31.12.	2006	2007	2008e	2009e	2010e
Per Share figures in EUR, other figures in EUR m, price: EUR 1.69					
Sales	88.5	98.3	108.2	114.7	120.4
<i>yoy</i>	-	11.1%	10.0%	6.0%	5.0%
Gross profit	24.6	19.3	27.0	28.7	30.1
<i>Gross margin</i>	27.8%	19.6%	25.0%	25.0%	25.0%
EBITDA	6.5	0.3	6.8	8.1	9.4
<i>EBITDA-margin</i>	7.4%	0.4%	6.3%	7.1%	7.8%
EBIT	2.9	-16.7	3.0	4.2	5.4
<i>EBIT-margin</i>	3.3%	-17.0%	2.8%	3.7%	4.5%
Net Income	4.2	-19.9	1.1	2.0	3.1
EPS	0.30	-1.29	0.07	0.13	0.20
CFPS	0.47	-0.13	0.18	0.30	0.40
DPS	0.00	0.00	0.00	0.00	0.00
<i>Dividend Yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Sales	0.21	0.36	0.33	0.30	0.27
EV/EBITDA	2.90	101.43	5.25	4.29	3.48
EV/EBIT	6.48	-2.10	11.81	8.23	6.03
PER	5.63	-1.31	24.14	13.00	8.45
ROCE	4.8%	-30.2%	6.0%	8.2%	10.0%
Adj. Free Cash Flow Yield	34.5%	1.0%	19.0%	23.3%	28.8%

Consolidated Profit & Loss Brain Force					
in EUR m	2006	2007	2008e	2009e	2010e
Sales	88.5	98.3	108.2	114.7	120.4
Cost of sales	63.9	79.1	81.1	86.0	90.3
Gross profit	24.6	19.3	27.0	28.7	30.1
Research and development	0.0	0.0	0.0	0.0	0.0
Sales and marketing	9.3	11.9	12.3	12.6	13.2
General and administration	12.2	14.2	11.5	11.8	11.4
Other operating income/expenses	-0.2	-1.2	-0.2	0.0	0.0
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.0
Total sales	88.5	98.3	108.2	114.7	120.4
Material Expenses	0.0	0.0	0.0	0.0	0.0
Gross profit	88.5	98.3	108.2	114.7	120.4
Personnel expenses	0.0	0.0	0.0	0.0	0.0
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating expenses	0.0	0.0	0.0	0.0	0.0
EBITDA	6.5	0.3	6.8	8.1	9.4
Depreciation of fixed assets	0.7	0.8	2.7	2.8	2.8
EBITA	5.8	-0.5	4.1	5.4	6.6
Amortisation of intangible fixed assets	2.9	7.6	1.1	1.1	1.2
Impairment charges and amortisation of goodwill	0.0	8.6	0.0	0.0	0.0
EBIT	2.9	-16.7	3.0	4.2	5.4
Interest income	0.1	0.1	0.0	0.0	0.0
Interest expenses	0.2	0.8	0.9	0.8	0.7
Financial result	0.3	-1.2	-0.9	-0.8	-0.7
Recurring pretax income from cont. operations	3.2	-17.9	2.2	3.4	4.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0
EBT	3.2	-17.9	2.2	3.4	4.7
Taxes total	-0.9	2.0	1.1	1.4	1.6
Net income from continuing operations	4.2	-19.9	1.1	2.0	3.1
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0
Net income before minorities	4.2	-19.9	1.1	2.0	3.1
Minority interest	0.0	0.0	0.0	0.0	0.0
Net income	4.2	-19.9	1.1	2.0	3.1

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

Consolidated Profit & Loss Brain Force					
in % of Sales	2006	2007	2008e	2009e	2010e
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	72.2%	80.4%	75.0%	75.0%	75.0%
Gross profit	27.8%	19.6%	25.0%	25.0%	25.0%
Research and development	0.0%	0.0%	0.0%	0.0%	0.0%
Sales and marketing	10.5%	12.1%	11.4%	11.0%	11.0%
General and administration	13.8%	14.5%	10.6%	10.3%	9.5%
Other operating income/expenses	-0.2%	-1.2%	-0.2%	0.0%	0.0%
Increase / decrease in inventory	0.0%	0.0%	0.0%	0.0%	0.0%
Own work capitalised	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100.0%	100.0%	100.0%	100.0%	100.0%
Material Expenses	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit	100.0%	100.0%	100.0%	100.0%	100.0%
Personnel expenses	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating income	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating expenses	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	7.4%	0.4%	6.3%	7.1%	7.8%
Depreciation of fixed assets	0.8%	0.8%	2.5%	2.4%	2.3%
EBITA	6.5%	-0.5%	3.8%	4.7%	5.5%
Amortisation of intangible fixed assets	3.2%	7.7%	1.0%	1.0%	1.0%
Impairment charges and amortisation of goodwill	0.0%	8.8%	0.0%	0.0%	0.0%
EBIT	3.3%	-17.0%	2.8%	3.7%	4.5%
Interest income	0.1%	0.1%	0.0%	0.0%	0.0%
Interest expenses	0.2%	0.8%	0.8%	0.7%	0.6%
Financial result	0.4%	-1.2%	-0.8%	-0.7%	-0.6%
Recurring pretax income from cont. operations	3.6%	-18.2%	2.0%	3.0%	3.9%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%
EBT	3.6%	-18.2%	2.0%	3.0%	3.9%
Taxes total	-1.1%	2.0%	1.0%	1.2%	1.3%
Net income from continuing operations	4.7%	-20.3%	1.0%	1.8%	2.6%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%
Net income before minorities	4.7%	-20.3%	1.0%	1.8%	2.6%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	4.7%	-20.3%	1.0%	1.8%	2.6%

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

Balance sheet Brain Force

in EUR m	2006	2007	2008e	2009e	2010e
Assets					
Intangible assets	31.8	28.9	28.8	28.7	28.5
thereof other intangible assets	10.5	13.1	13.0	12.8	12.6
thereof Goodwill	21.3	15.9	15.9	15.9	15.9
Property, plant & equipment	1.6	2.3	2.1	2.2	2.2
Financial assets	0.7	0.2	0.2	0.2	0.2
Fixed assets	34.1	31.4	31.2	31.1	30.9
Inventories	0.3	0.3	0.3	0.3	0.3
Accounts receivable	25.9	28.2	31.1	33.0	34.6
Other Assets	7.7	5.0	5.0	5.0	5.0
Liquid assets	13.5	9.4	8.8	9.6	11.9
Current assets	47.5	42.9	45.2	47.9	51.8
Total assets	81.6	74.3	76.3	79.0	82.7
Liabilities and shareholders' equity					
Subscribed capital	15.4	15.4	15.4	15.4	15.4
Additional paid-in capital	24.8	15.5	15.5	15.5	15.5
Surplus capital	0.0	0.0	1.1	3.1	6.2
Other equity components	8.0	-4.7	-4.7	-4.7	-4.7
Shareholders' equity	48.1	26.3	27.3	29.4	32.5
Minority Interest	0.0	0.0	0.0	0.0	0.0
Total equity	48.1	26.3	27.3	29.4	32.5
Provision for pensions and similar obligations	3.9	2.6	2.6	2.6	2.6
Provisions	10.0	7.5	7.5	7.5	7.5
Financial liabilities	2.5	16.0	16.0	16.0	16.0
Accounts payable	8.5	9.8	10.7	11.3	11.9
Payables and other liabilities	12.4	14.8	14.8	14.8	14.8
Liabilities	33.5	48.1	49.0	49.6	50.2
Total liabilities and shareholders' equity	81.6	74.3	76.3	79.0	82.7

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

Balance sheet Brain Force

in % of Balance Sheet Total	2006	2007	2008e	2009e	2010e
ASSETS					
Intangible assets	39.0%	38.9%	37.8%	36.3%	34.5%
thereof other intangible assets	12.9%	17.6%	17.0%	16.2%	15.3%
thereof Goodwill	26.1%	21.3%	20.8%	20.1%	19.2%
Property, plant & equipment	2.0%	3.1%	2.8%	2.7%	2.7%
Financial assets	0.9%	0.3%	0.3%	0.2%	0.2%
Fixed assets	41.8%	42.3%	40.8%	39.3%	37.4%
Inventories	0.4%	0.4%	0.4%	0.4%	0.4%
Accounts receivable	31.7%	37.9%	40.8%	41.8%	41.8%
Other Assets	9.5%	6.8%	6.6%	6.4%	6.1%
Liquid assets	16.6%	12.7%	11.5%	12.2%	14.4%
Current assets	58.2%	57.7%	59.2%	60.7%	62.6%
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%
LIABILITIES AND SHAREHOLDERS' EQUITY					
Subscribed capital	18.9%	20.7%	20.2%	19.5%	18.6%
Additional paid-in capital	30.3%	20.9%	20.4%	19.7%	18.8%
Surplus capital	0.0%	0.0%	1.4%	4.0%	7.5%
Other equity components	9.7%	-6.3%	-6.1%	-5.9%	-5.6%
Shareholders' equity	58.9%	35.3%	35.8%	37.2%	39.3%
Minority Interest	0.0%	0.0%	0.0%	0.0%	0.0%
Total equity	58.9%	35.3%	35.8%	37.2%	39.3%
Provision for pensions and similar obligations	4.8%	3.4%	3.4%	3.2%	3.1%
Provisions	12.2%	10.1%	9.8%	9.5%	9.0%
Financial liabilities	3.1%	21.5%	20.9%	20.2%	19.3%
Accounts payable	10.4%	13.2%	14.0%	14.3%	14.4%
Payables and other liabilities	15.2%	20.0%	19.5%	18.8%	17.9%
Liabilities	41.0%	64.7%	64.2%	62.8%	60.7%
Total liabilities and shareholders' equity	100.0%	100.0%	100.0%	100.0%	100.0%

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

Statement of Cash Flows Brain Force					
in EUR m	2006	2007	2008e	2009e	2010e
Net income	4.2	-19.9	1.1	2.0	3.1
Depreciation of fixed assets	0.7	0.8	2.7	2.8	2.8
Amortisation of goodwill	0.0	8.6	0.0	0.0	0.0
Amortisation of intangible assets	2.9	7.6	1.1	1.1	1.2
Increase/decrease in long-term provisions	0.0	-1.2	0.0	0.0	0.0
Other costs affecting income / expenses	-3.7	-0.7	0.0	0.0	0.0
Cash Flow	4.1	-4.8	4.9	5.9	7.1
Increase / decrease in inventory	0.0	0.1	0.0	0.0	0.0
Increase / decrease in accounts receivable	3.6	0.5	-2.9	-1.9	-1.6
Increase / decrease in accounts payable	-0.5	2.2	0.9	0.6	0.6
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital	3.1	2.8	-2.0	-1.3	-1.0
Cash flow from operating activities	7.2	-2.0	2.8	4.6	6.1
CAPEX	-2.8	-2.8	-3.5	-3.8	-3.8
Payments for acquisitions	-11.2	-6.9	0.0	0.0	0.0
Financial investments	0.1	0.1	0.0	0.0	0.0
Income from asset disposals	0.0	0.1	0.0	0.0	0.0
Cash flow from investing activities	-13.9	-9.6	-3.5	-3.8	-3.8
Change in financial liabilities	-4.4	12.3	0.0	0.0	0.0
Dividends paid	-0.8	-1.5	0.0	0.0	0.0
Purchase of own shares	-0.1	-3.0	0.0	0.0	0.0
Capital measures	14.1	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	8.7	7.8	0.0	0.0	0.0
Change in liquid funds	2.1	-3.8	-0.7	0.8	2.3
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0
Liquid assets at end of period	13.2	9.4	8.8	9.6	11.9

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

Financial Ratios Brain Force					
	2006	2007	2008e	2009e	2010e
Operational Efficiency					
Total Operating Costs / Sales	24.5%	27.8%	22.2%	21.3%	20.5%
Sales per Employee	75.5	85.8	97.4	98.4	98.4
EBITDA per Employee	5.6	0.3	6.1	7.0	7.7
EBIT margin	3.3%	-17.0%	2.8%	3.7%	4.5%
EBITDA / Operating Assets	33.8%	1.6%	29.9%	33.7%	37.3%
ROA	12.2%	-63.3%	3.5%	6.6%	10.1%
Efficiency of Capital Employment					
Plant Turnover	54.9	42.2	50.9	52.8	54.6
Operating Assets Turnover	4.6	4.7	4.7	4.7	4.8
Capital Employed Turnover	1.5	2.0	2.1	2.2	2.2
Return on Capital					
ROCE	4.8%	-30.2%	6.0%	8.2%	10.0%
EBITDA / Avg. Capital Employed	10.7%	0.6%	13.6%	15.7%	17.3%
ROE	8.7%	-75.8%	3.9%	6.9%	9.6%
Net Profit / Avg. Equity	17.4%	-53.6%	4.0%	7.2%	10.1%
Recurring Net Profit / Avg. Equity	17.4%	-53.6%	4.0%	7.2%	10.1%
ROIC	6.7%	-38.1%	2.0%	3.7%	5.3%
Solvency					
Net Debt	-11.0	6.5	7.2	6.4	4.1
Net Gearing	-22.8%	24.9%	26.4%	21.7%	12.5%
Book Value of Equity / Book Value of Debt	500.0%	164.4%	171.2%	184.0%	203.5%
Current ratio	2.1	1.5	1.5	1.6	1.6
Acid Test Ratio	1.4	1.2	1.2	1.2	1.3
EBITDA / Interest Paid	29.5	0.4	8.0	10.2	13.4
Interest Cover	30.7	0.0	3.6	5.3	7.7
Cash Flow					
Free Cash Flow	4.4	-4.8	-0.7	0.8	2.3
Free Cash Flow / Sales	5.0%	-4.9%	-0.6%	0.7%	1.9%
Adj. Free Cash Flow	6.5	0.3	6.8	8.1	9.4
Adj. Free Cash Flow / Sales	3.9%	-11.4%	2.0%	2.8%	3.6%
Free Cash Flow / Net Profit	1.1	0.2	-0.6	0.4	0.7
Interest Received / Avg. Cash	0.9%	0.6%	0.0%	0.0%	0.0%
Interest Paid / Avg. Debt	8.7%	8.5%	5.3%	5.0%	4.4%
Dividend Payout Ratio	0.0	0.0	0.0	0.0	0.0
Funds Management					
Investment ratio	3.1%	2.7%	3.2%	3.3%	3.2%
Maint. Capex / Sales	0.8%	9.6%	2.5%	2.4%	2.3%
Capex / Dep'n	76.3%	15.7%	92.5%	97.5%	95.6%
Avg. Working Capital / Sales	20.0%	18.5%	18.2%	18.6%	18.7%
Trade Creditors / Trade Debtors	303.4%	288.0%	290.7%	292.0%	290.8%
Inventory turnover (days)	261.9	365.6	365.0	365.0	365.0
Receivables collection period (DSOs)	106.6	104.6	105.0	105.0	105.0
Payables collection period (days)	35.1	36.3	36.0	36.0	36.0
Cash conversion cycle (Tage)	333.4	433.8	434.0	434.0	434.0
Valuation					
P/B	0.5	1.0	1.0	0.9	0.8
EV/Sales	0.2	0.4	0.3	0.3	0.3
EV/EBITDA	2.9	101.4	5.2	4.3	3.5
EV/EBIT	6.5	-2.1	11.8	8.2	6.0
EV/FCF	4.3	-7.3	-52.7	41.6	14.3
P/E	5.6	-1.3	24.1	13.0	8.5
P/CF	3.6	-12.9	9.2	5.6	4.3

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

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