

Hold (old: Buy)

PT EUR 1.25 (old: 1.50)

Price EUR 1.24
Bloomberg BFC AV
Reuters BFCG
Sector IT Services

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



Share data: 16.02.2010 / Closing price

Market cap: EUR 19.1 m
Enterprise Value (EV): EUR 23.9 m
Book value: EUR 19.3 m
No. of shares: 15.4 m
Trading volume Ø: EUR 4.4 th

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

Calendar:
 AGM 02/24/10
 Figures Q2 05/12/10
 Figures Q3 08/12/10

Change	2009/10E		2010/11E		2011/12E	
	old	Δ%	old	Δ%	old	Δ%
Sales	81.6	-14.2	85.7	-14.2	77.2	-
EBIT	3.2	-67.7	2.9	-14.2	2.6	-
EPS	0.16	-93.8	0.09	-33.3	0.07	-

Analysis: SES Research
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Weak Q4 on an operating level - further restructuring

On February 16, 2010, Brain Force Holding released the figures for Q1 2009/10 (corresponds to Q4 of the calendar year 2009) which came in **weak on an operating level** and did not meet the expectations.

Brain Force - Q1 2010

In m EUR	Q1/10	Q1/10e	Q1/09	yoy	2010e	2009	yoy
Sales	21.0	22.8	27.5	-5.7%	70.0	61.7	13.5%
EBITDA	3.5	4.4	2.3	-	3.5	-0.2	-
<i>Margin</i>	16.7%	0.3%	8.2%		5.0%	-0.3%	
EBIT	2.6	3.4	1.3	-	0.7	-2.9	-
<i>Margin</i>	12.4%	-3.4%	4.7%		1.1%	-4.7%	
EPS in EUR	0,15	0.20	0.03	-	0.00	-0.31	-

Sources: Brain Force (reported figures), SES Research (estimates)

It has to be noted here that the sale of the Professional Service activities in Austria led to a cash generation of EUR 3.80 and a one-off book profit of EUR 2.4 m (compare comment of December 17, 2009). The **sale of the Austrian "body leasing" business was very attractive** as the company generates an EBIT of only EUR 0.2 m. This sale enables further strategic inorganic growth.

The conclusion of an **investment agreement with 3TS Cisco Growth Fund in this quarter** can also be valued very positively. According to the contract 3TS Cisco Growth Fund will gradually acquire the majority in the Brain Force subsidiary SolveDirect and, in return, will finance SolveDirect's promising US expansion. Thus, it seems well possible from today's point of view to significantly increase the value of the stake in SolveDirect (EBITDA > 1 m, 41 employees). Due to the investment of 3TS Cisco Growth Fund as well as the strategic and operating support of the 3TS network in the USA SolveDirect plans to build up a relevant position in the US market in the next years and to more than triple the company's sales from the current level. This can result in considerably valuation potential of Brain Force in the medium term.

However, it is decisive in the short term that the company fell short of expectations which is attributable to a still relatively weak market environment and specific developments at Brain Force. The business was not satisfactory in almost all regions and the earnings situation was burdened by generally weak licence revenues. The structure has to be further optimised as companies currently first assign projects to own employees before contracting service providers such as Brain Force and generally are extremely reluctant in investing in licences/projects. This makes a **renewed restructuring necessary** which was begun at once and will probably burden earnings by further EUR 1.4 m in the current year. Nevertheless, a positive EBIT is realistic for the full year 2009/10 due to the above-mentioned book profit. **However, a considerable loss is expected for the upcoming quarter for the time being.**

The reduction of estimates (taking the weak market environment and the renewed restructuring in consideration) leads to a lower PT. **The share is downgraded to Hold again. The PT is EUR 1.25 (old: 1.50).**

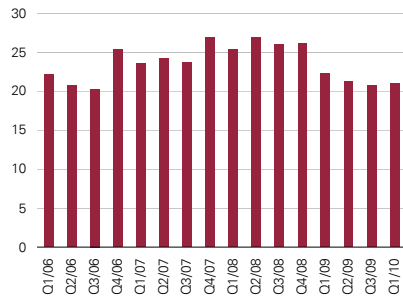
Fiscal year ending: 30.9.

in EUR m 2008/09 ist Rumpfgeschäftsjahr

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E
Sales	76.6	88.5	98.3	105	61.7	70.0	73.5
<i>Change Sales yoy</i>	18.9 %	15.5 %	11.1 %	6.3 %	-41.0 %	13.5 %	5.0 %
Gross balance	76.6	88.5	19.3	27.1	12.4	15.4	18.0
<i>Gross margin</i>	100.0 %	100.0 %	19.6 %	25.9 %	20.1 %	22.0 %	24.5 %
EBITDA	6.0	6.5	0.3	8.2	-0.2	3.8	5.4
<i>EBITDA-margin</i>	7.9 %	7.4 %	0.4 %	7.8 %	-0.3 %	5.4 %	7.3 %
EBIT	3.6	2.9	-16.7	4.3	-2.9	1.0	2.5
<i>EBIT-margin</i>	4.7 %	3.3 %	-17.0 %	4.1 %	-4.7 %	1.5 %	3.4 %
Net income	3.0	4.2	-19.9	-2.1	-4.8	0.1	1.0
EPS	0.30	0.10	-1.29	-0.14	-0.31	0.01	0.06
Free Cash Flow per share	0.55	0.31	-0.31	0.31	-0.02	-0.07	0.11
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Dividend Yield</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/Sales	0.3	0.3	0.3	0.3	0.4	0.3	0.3
EV/EBITDA	4.4	4.1	77.1	3.3	n.m.	6.4	4.2
EV/EBIT	7.5	9.1	n.m.	6.2	n.m.	23.2	8.9
PER	4.1	12.4	n.m.	n.m.	n.m.	124.0	20.7
ROCE	n.a.	4.8 %	-30.2 %	9.4 %	-7.4 %	2.8 %	6.6 %
Adj. Free Cash Flow Yield	n.a.	16.0 %	n.a.	20.8 %	n.a.	9.5 %	17.0 %

Sales growth

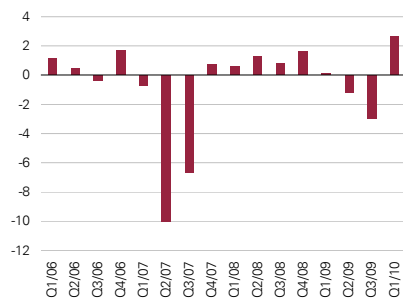
in EUR m



Source: Brain Force

EBIT growth

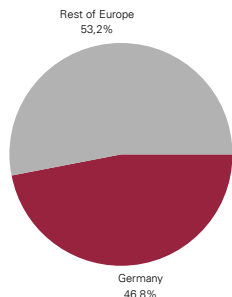
in EUR m



Source: Brain Force

Sales by regions

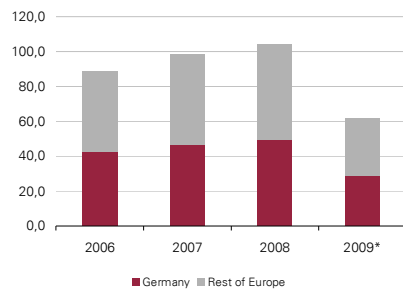
2009



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:

- Professional Services: Body leasing of IT experts.
- 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.

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 2008/09 ist Rumpfgeschäftsjahr

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E
Sales	76.6	88.5	98.3	105	61.7	70.0	73.5
Cost of sales	0.0	0.0	79.1	77.4	49.3	54.6	55.5
Gross balance	76.6	88.5	19.3	27.1	12.4	15.4	18.0
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales and marketing	0.0	0.0	11.9	11.0	6.7	7.8	8.2
General and administration	0.0	0.0	14.2	10.7	6.6	7.7	7.4
Other operating income/expenses	0.0	0.0	-1.2	-1.1	-0.6	2.5	0.0
Unfrequent items	0.0	0.0	0.0	0.0	-1.4	-1.4	0.0
EBITDA	6.0	6.5	0.3	8.2	-0.2	3.8	5.4
Depreciation of fixed assets	2.5	0.7	0.8	0.9	0.7	0.7	0.7
EBITA	3.6	5.8	-0.5	7.3	-0.9	3.1	4.6
Amortisation of intangible fixed assets	0.0	2.9	7.6	3.0	2.0	2.0	2.1
Impairment charges and amortisation of goodwill	0.0	0.0	8.6	0.0	0.0	0.0	0.0
EBIT	3.6	2.9	-16.7	4.3	-2.9	1.0	2.5
Interest income	0.1	0.1	0.1	0.0	0.4	0.0	0.0
Interest expenses	0.0	0.2	0.8	1.5	0.6	0.7	0.7
Financial result	0.1	0.3	-1.2	-1.4	-0.3	-0.9	-0.7
Recurring pretax income from cont. operations	3.7	3.2	-17.9	2.8	-3.1	0.1	1.8
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	3.7	3.2	-17.9	2.8	-3.1	0.1	1.8
Taxes total	0.5	-0.9	2.0	4.4	-0.7	0.0	0.8
Net income from continuing operations	3.1	4.2	-19.9	-1.6	-2.4	0.1	1.0
Income from discontinued operations (net of tax)	0.0	0.0	0.0	-0.5	-2.4	0.0	0.0
Net income before minorities	3.1	4.2	-19.9	-2.1	-4.8	0.1	1.0
Minority interest	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net income	3.0	4.2	-19.9	-2.1	-4.8	0.1	1.0

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

Consolidated Profit & Loss Brain Force Holding

in % of Sales 2008/09 ist Rumpfgeschäftsjahr

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	0.0 %	0.0 %	80.4 %	74.1 %	80.0 %	78.0 %	75.5 %
Gross balance	100.0 %	100.0 %	19.6 %	25.9 %	20.1 %	22.0 %	24.5 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales and marketing	0.0 %	0.0 %	12.1 %	10.5 %	10.9 %	11.1 %	11.1 %
General and administration	0.0 %	0.0 %	14.5 %	10.3 %	10.6 %	11.0 %	10.0 %
Other operating income/expenses	0.0 %	0.0 %	-1.2 %	-1.0 %	-1.0 %	3.6 %	0.0 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	-2.2 %	-2.0 %	0.0 %
EBITDA	7.9 %	7.4 %	0.4 %	7.8 %	-0.3 %	5.4 %	7.3 %
Depreciation of fixed assets	3.2 %	0.8 %	0.8 %	0.8 %	1.1 %	1.0 %	1.0 %
EBITA	4.7 %	6.5 %	-0.5 %	7.0 %	-1.4 %	4.4 %	6.3 %
Amortisation of intangible fixed assets	0.0 %	3.2 %	7.7 %	2.9 %	3.3 %	2.9 %	2.9 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	8.8 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	4.7 %	3.3 %	-17.0 %	4.1 %	-4.7 %	1.5 %	3.4 %
Interest income	0.1 %	0.1 %	0.1 %	0.0 %	0.6 %	0.0 %	0.0 %
Interest expenses	0.0 %	0.3 %	0.8 %	1.4 %	1.0 %	1.0 %	1.0 %
Financial result	0.1 %	0.4 %	-1.3 %	-1.4 %	-0.4 %	-1.3 %	-1.0 %
Recurring pretax income from cont. operations	4.8 %	3.7 %	-18.2 %	2.7 %	-5.1 %	0.2 %	2.5 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	4.8 %	3.7 %	-18.2 %	2.7 %	-5.1 %	0.2 %	2.5 %
Taxes total	0.7 %	-1.1 %	2.0 %	4.2 %	-1.2 %	0.0 %	1.1 %
Net income from continuing operations	4.1 %	4.7 %	-20.3 %	-1.5 %	-3.9 %	0.2 %	1.4 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	-0.5 %	-3.9 %	0.0 %	0.0 %
Net income before minorities	4.1 %	4.7 %	-20.3 %	-2.0 %	-7.8 %	0.2 %	1.4 %
Minority interest	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	4.0 %	4.7 %	-20.3 %	-2.0 %	-7.8 %	0.2 %	1.4 %

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

Balance sheet Brain Force Holding

in EUR m

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E
Assets							
Intangible assets	0.0	31.8	28.9	25.8	24.7	23.4	22.0
thereof other intangible assets	0.0	10.5	13.1	11.3	10.2	8.9	7.5
thereof Goodwill	0.0	21.3	15.9	14.5	14.5	14.5	14.5
Property, plant and equipment	0.0	1.6	2.3	2.5	2.5	2.7	2.9
Financial assets	0.0	0.7	0.2	0.2	0.2	0.2	0.2
Fixed assets	0.0	34.1	31.4	28.5	27.4	26.3	25.1
Inventories	0.0	0.3	0.3	0.2	0.3	0.2	0.2
Accounts receivable	0.0	25.9	28.2	26.9	19.5	19.4	20.3
Other Assets	0.0	7.7	5.0	1.9	1.8	1.8	1.8
Liquid assets	0.0	13.5	9.4	8.8	5.5	8.3	10.0
Current assets	0.0	47.5	42.9	37.8	27.1	29.7	32.2
Total assets	0.0	81.6	74.3	66.3	54.4	56.0	57.4
Liabilities and shareholders' equity							
Subscribed capital	0.0	15.4	15.4	15.4	15.4	15.4	15.4
Additional paid-in capital	0.0	24.8	15.5	15.5	12.4	12.4	12.4
Surplus capital	0.0	0.0	0.0	0.0	0.0	0.1	1.1
Other equity components	0.0	8.0	-4.7	-6.8	-8.4	-7.0	-7.0
Book value	0.0	48.1	26.3	24.1	19.3	20.8	21.8
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	0.0	48.1	26.3	24.1	19.3	20.8	21.8
Provision for pensions and similar obligations	0.0	3.9	2.6	2.3	2.0	2.0	2.0
Provisions	0.0	10.0	7.5	4.3	5.1	5.1	5.1
Financial liabilities	0.0	2.5	16.0	13.7	11.2	11.2	11.2
Accounts payable	0.0	8.5	9.8	8.3	7.5	7.5	7.9
Other liabilities	0.0	12.4	14.8	15.9	11.3	11.3	11.3
Liabilities	0.0	33.5	48.1	42.2	35.1	35.1	35.5
Total liabilities and shareholders equity	0.0	81.6	74.3	66.3	54.4	56.0	57.4

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

Balance sheet Brain Force Holding

in % of Balance Sheet Total

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E
Assets							
Intangible assets	n.a.	39.0 %	38.9 %	39.0 %	45.5 %	41.8 %	38.3 %
thereof other intangible assets	n.a.	12.9 %	17.6 %	17.1 %	18.8 %	15.9 %	13.0 %
thereof Goodwill	n.a.	26.1 %	21.4 %	21.9 %	26.7 %	25.9 %	25.3 %
Property, plant and equipment	n.a.	2.0 %	3.1 %	3.8 %	4.5 %	4.8 %	5.1 %
Financial assets	n.a.	0.9 %	0.3 %	0.3 %	0.4 %	0.4 %	0.4 %
Fixed assets	n.a.	41.8 %	42.3 %	43.0 %	50.4 %	46.9 %	43.7 %
Inventories	n.a.	0.4 %	0.4 %	0.3 %	0.5 %	0.4 %	0.4 %
Accounts receivable	n.a.	31.7 %	37.9 %	40.6 %	35.8 %	34.6 %	35.4 %
Other Assets	n.a.	9.5 %	6.8 %	2.9 %	3.3 %	3.2 %	3.1 %
Liquid assets	n.a.	16.6 %	12.7 %	13.3 %	10.2 %	14.8 %	17.4 %
Current assets	n.a.	58.2 %	57.7 %	57.0 %	49.7 %	53.0 %	56.2 %
Total assets	n.a.	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	n.a.	18.9 %	20.7 %	23.2 %	28.3 %	27.5 %	26.8 %
Additional paid-in capital	n.a.	30.3 %	20.9 %	23.4 %	22.8 %	22.1 %	21.6 %
Surplus capital	n.a.	0.0 %	0.0 %	0.0 %	0.0 %	0.2 %	2.0 %
Other equity components	n.a.	9.8 %	-6.3 %	-10.2 %	-15.5 %	-12.6 %	-12.3 %
Book value	n.a.	58.9 %	35.4 %	36.4 %	35.5 %	37.2 %	38.1 %
Minority Interest	n.a.	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	n.a.	58.9 %	35.4 %	36.4 %	35.5 %	37.2 %	38.1 %
Provision for pensions and similar obligations	n.a.	4.8 %	3.4 %	3.4 %	3.6 %	3.5 %	3.4 %
Provisions	n.a.	12.2 %	10.1 %	6.4 %	9.4 %	9.2 %	8.9 %
Financial liabilities	n.a.	3.1 %	21.5 %	20.7 %	20.6 %	20.0 %	19.5 %
Accounts payable	n.a.	10.4 %	13.2 %	12.6 %	13.8 %	13.4 %	13.8 %
Other liabilities	n.a.	15.3 %	20.0 %	23.9 %	20.8 %	20.2 %	19.7 %
Liabilities	n.a.	41.0 %	64.7 %	63.6 %	64.6 %	62.7 %	61.9 %
Total liabilities and shareholders equity	n.a.	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	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E
Net income	3.1	4.2	-19.9	1.9	-3.4	0.1	1.0
Depreciation of fixed assets	2.5	0.7	0.8	0.9	0.7	0.7	0.7
Amortisation of goodwill	0.0	0.0	8.6	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	2.9	7.6	3.0	2.0	2.0	2.1
Increase/decrease in long-term provisions	0.0	0.0	-1.2	-0.3	-0.4	0.0	0.0
Other costs affecting income / expenses	0.0	-3.7	-0.7	-0.2	0.1	0.0	0.0
Cash Flow	5.6	4.1	-4.8	5.2	-1.1	2.9	3.9
Increase / decrease in inventory	0.0	0.0	0.1	0.1	-0.1	0.1	0.0
Increase / decrease in accounts receivable	0.0	3.6	0.5	1.0	7.2	0.1	-0.9
Increase / decrease in accounts payable	0.0	-0.5	2.2	-1.4	-0.8	0.0	0.4
Increase / decrease in other working capital positions	0.0	0.0	0.0	2.1	-3.7	-2.4	0.0
Increase / decrease in working capital	0.0	3.1	2.8	1.8	2.6	-2.3	-0.5
Cash flow from operating activities	5.6	7.2	-2.0	7.0	1.5	0.6	3.4
CAPEX	0.0	-2.8	-2.8	-2.2	-1.9	-1.6	-1.7
Payments for acquisitions	0.0	-11.2	-6.9	-2.3	-0.3	0.0	0.0
Financial investments	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.1	0.1	0.4	3.8	0.0
Cash flow from investing activities	0.0	-13.9	-9.6	-4.4	-1.7	2.2	-1.7
Change in financial liabilities	0.0	-4.4	12.3	-2.3	-2.5	0.0	0.0
Dividends paid	0.0	-0.8	-1.5	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	-0.1	-3.0	0.0	0.0	0.0	0.0
Capital measures	0.0	14.1	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.0	8.7	7.8	-2.3	-2.5	0.0	0.0
Change in liquid funds	5.6	2.1	-3.8	0.3	-2.7	2.8	1.7
Effects of exchange rate changes on cash	0.0	0.0	0.0	-1.0	-0.6	0.0	0.0
Liquid assets at end of period	5.6	13.2	9.4	8.8	5.5	8.3	10.0

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

Financial Ratios Brain Force Holding

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10E	2010/11E
Operational Efficiency							
Total Operating Costs / Sales	93.9 %	94.8 %	27.8 %	21.8 %	22.5 %	18.5 %	21.1 %
Sales per Employee	69,590	75,538	85,805	92,564	63,078	68,166	68,166
EBITDA per Employee	5,493	5,559	302	7,254	-207	3,662	4,976
EBIT-margin	4.7 %	3.3 %	-17.0 %	4.1 %	-4.7 %	1.5 %	3.4 %
EBITDA / Operating Assets	n.a.	33.8 %	1.6 %	38.6 %	-1.4 %	25.5 %	34.6 %
ROA	n.a.	12.2 %	-63.3 %	-7.4 %	-17.6 %	0.5 %	4.0 %
Efficiency of Capital Employment							
Plant Turnover	n.a.	54.9	42.2	41.9	25.0	26.3	25.1
Operating Assets Turnover	n.a.	4.6	4.7	4.9	4.2	4.7	4.7
Capital Employed Turnover	n.a.	1.5	2.0	2.5	1.7	1.9	1.9
Return on Capital							
ROCE	n.a.	4.8 %	-30.2 %	9.4 %	-7.4 %	2.8 %	6.6 %
EBITDA / Avg. Capital Employed	n.a.	10.7 %	0.6 %	17.8 %	-0.5 %	10.3 %	14.2 %
ROE	n.a.	8.7 %	-75.8 %	-8.7 %	-25.0 %	0.6 %	4.6 %
Net Profit / Avg. Equity	n.a.	17.4 %	-53.6 %	-8.3 %	-22.2 %	0.6 %	4.7 %
Recurring Net Profit / Avg. Equity	n.a.	17.4 %	-53.6 %	-6.3 %	-11.1 %	0.6 %	4.7 %
ROIC	n.a.	6.7 %	-38.1 %	-3.5 %	-6.4 %	0.3 %	2.5 %
Solvency							
Net Debt	0.0	-11.0	6.5	4.9	5.7	2.9	1.2
Net Gearing	n.a.	-22.8 %	24.9 %	20.2 %	29.2 %	13.9 %	5.6 %
Book Value of Equity / Book Value of Debt	n.a.	1889.0 %	164.4 %	176.4 %	172.6 %	186.3 %	195.2 %
Current ratio	n.a.	2.1	1.5	1.4	1.4	1.6	1.7
Acid Test Ratio	n.a.	1.4	1.2	1.2	1.1	1.2	1.3
EBITDA / Interest Paid	274.9	29.5	0.4	5.5	0.0	5.4	7.7
Interest Cover	n.a.	30.7	n.a.	3.0	n.a.	1.5	3.6
Cash Flow							
Free Cash Flow	5.6	4.4	-4.8	4.8	-0.3	-1.0	1.7
Free Cash Flow / Sales	7.3 %	5.0 %	-4.9 %	4.6 %	-0.5 %	-1.5 %	2.3 %
Adj. Free Cash Flow	n.a.	4.3	-1.9	5.5	-4.4	2.3	3.8
Adj. Free Cash Flow / Sales	3.9 %	2.2 %	-4.1 %	2.7 %	-4.8 %	2.2 %	3.1 %
Free Cash Flow / Net Profit	184.8 %	105.7 %	24.3 %	-228.4 %	6.5 %	-802.3 %	166.7 %
Interest Received / Avg. Cash	n.a.	0.9 %	0.6 %	0.4 %	5.1 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	n.a.	8.7 %	8.5 %	10.0 %	5.0 %	6.3 %	6.3 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fund Management							
Investment ratio	0.0 %	3.1 %	2.7 %	2.1 %	3.0 %	2.3 %	2.3 %
Maint. Capex / Sales	3.2 %	2.5 %	2.3 %	2.0 %	2.8 %	2.1 %	2.2 %
Capex / Dep	0.0 %	76.3 %	15.7 %	57.4 %	69.2 %	58.6 %	59.3 %
Avg. Working Capital / Sales	0.0 %	20.0 %	18.5 %	17.9 %	25.1 %	17.4 %	16.8 %
Trade Creditors / Trade Debtors	n.a.	303.4 %	288.0 %	322.5 %	258.5 %	258.7 %	257.0 %
Inventory turnover (days)	n.a.	1.4	1.0	0.6	1.6	1.0	1.0
Receivables collection period (DSOs)	0.0	107	105	93.9	115	101	101
Payables collection period (days)	0.0	35.1	36.3	29.1	44.5	39.0	39.0
Cash conversion cycle (days)	n.a.	72.9	69.3	65.5	72.2	63.0	63.0
Valuation							
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/B	n.a.	0.4	0.7	0.8	1.0	0.9	0.9
EV/sales	0.3	0.3	0.3	0.3	0.4	0.3	0.3
EV/EBITDA	4.4	4.1	77.1	3.3	n.m.	6.4	4.2
EV/EBIT	7.5	9.1	n.m.	6.2	n.m.	23.2	8.9
EV/FCF	4.8	6.0	n.m.	5.6	n.m.	n.m.	13.4
P/E	4.1	12.4	n.m.	n.m.	n.m.	124.0	20.7
P/CF	3.4	4.6	neg.	3.7	neg.	6.7	4.9
Adj. Free Cash Flow Yield	21.0 %	15.5 %	n.a.	19.6 %	n.a.	11.9 %	17.4 %

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	0.1	1.0	1.1	
+ Depreciation + Amortisation	3.6	17.0	3.9	2.7	2.7	2.9	3.0	
- Net Interest Income	0.3	-1.2	-1.4	-0.3	-0.9	-0.7	-0.7	
+ Taxes	-0.9	2.0	4.4	-0.7	0.0	0.8	0.8	
- Maintenance Capex	2.2	2.3	2.1	1.7	1.5	1.6	1.6	
+ 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	2.3	3.8	4.1	
Adjusted Free Cash Flow Yield	16.0%	-7.2%	20.8%	-16.4%	9.5%	17.0%	19.6%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	26.7	26.7	26.7	26.7	23.9	22.3	20.6	
= Fair Enterprise Value	42.7	-	55.5	-	22.7	37.8	40.5	
- Net Debt (Cash)	5.6	5.6	5.6	5.6	2.9	1.2	-0.4	
- Pension Liabilities	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
- Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	35.1	-	47.8	-	17.9	34.7	39.0	
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	-	1.16	2.25	2.53	
premium (-) / discount (+) in %	83.8%	-	150.8%	-	-6.4%	81.6%	104.3%	
Sensitivity Fair value per Share (EUR)								
	13.0%	1.64	-	2.28	-	0.82	1.68	1.93
	12.0%	1.82	-	2.51	-	0.91	1.84	2.09
	11.0%	2.03	-	2.78	-	1.03	2.03	2.29
Hurdle rate	10.0%	2.28	-	3.11	-	1.16	2.25	2.53
	9.0%	2.59	-	3.51	-	1.33	2.53	2.83
	8.0%	2.97	-	4.01	-	1.53	2.87	3.19
	7.0%	3.47	-	4.65	-	1.79	3.31	3.66

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	73.5	77.2	81.0	85.1	89.3	93.8	98.5	101.0	103.5	106.1	108.7	111.4	114.2
Change	13.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
EBIT	1.0	2.5	2.6	3.2	3.6	4.0	4.2	4.4	4.5	4.7	4.8	4.9	5.0	5.1
EBIT-Margin	1.5%	3.4%	3.4%	4.0%	4.2%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Tax rate	0.0%	44.5%	41.6%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	33.0%	35.0%	38.0%	39.0%
NOPAT	1.0	1.4	1.5	2.3	2.5	2.8	3.0	3.1	3.2	3.3	3.2	3.2	3.1	3.1
Depreciation	2.7	2.9	3.0	1.9	1.7	1.8	1.9	2.0	2.0	2.1	2.1	2.2	2.2	2.3
in % of Sales	3.9%	3.9%	3.9%	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	0.1	-0.5	-0.8	-1.6	-0.3	-0.3	-0.3	-0.3	0.1	0.1	0.1	0.1	0.2	-0.4
- Capex	-1.6	-1.7	-1.7	-1.6	-1.7	-1.8	-1.9	-2.0	-2.0	-2.1	-2.1	-2.2	-2.2	-2.3
Capex in % of Sales	2.3%	2.3%	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-0.1
Free Cash Flow (WACC-Model)	2.3	2.1	2.0	1.0	2.2	2.5	2.6	2.8	3.3	3.4	3.3	3.3	3.0	2.7

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	18.2		
Terminal Value	8.6		
Liabilities	-13.2		
Liquidity	5.5	No. of shares (mln)	15.39
Equity Value	19.2	Value per share (EUR)	1.25

Sensitivity Value per Share (EUR)**Terminal Growth**

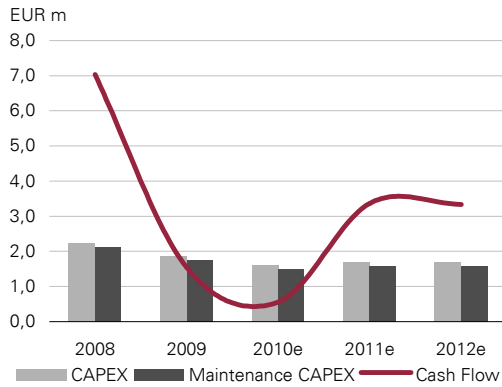
WACC	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%
11.56%	1.03	1.04	1.05	1.06	1.08	1.09	1.10
11.06%	1.11	1.12	1.14	1.15	1.16	1.18	1.20
10.81%	1.15	1.17	1.18	1.20	1.21	1.23	1.25
10.56%	1.20	1.21	1.23	1.25	1.26	1.28	1.30
10.31%	1.25	1.26	1.28	1.30	1.32	1.34	1.36
10.06%	1.30	1.31	1.33	1.35	1.37	1.40	1.42
9.56%	1.41	1.43	1.45	1.48	1.50	1.53	1.56

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%	0.47	0.67	0.87	1.06	1.26	1.46	1.66
11.06%	0.52	0.73	0.94	1.15	1.36	1.57	1.78
10.81%	0.55	0.76	0.98	1.20	1.41	1.63	1.84
10.56%	0.58	0.80	1.02	1.25	1.47	1.69	1.91
10.31%	0.61	0.84	1.07	1.30	1.53	1.75	1.98
10.06%	0.65	0.88	1.12	1.35	1.59	1.82	2.06
9.56%	0.72	0.97	1.22	1.48	1.73	1.98	2.23

Source: SES Research

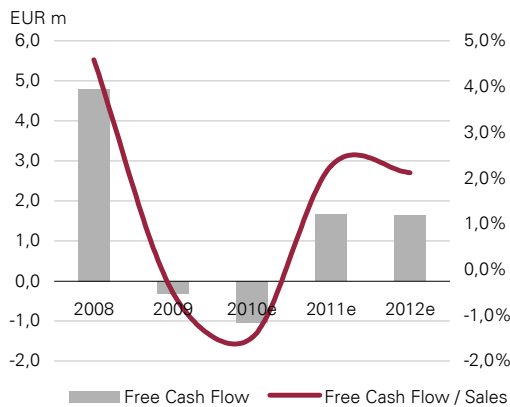
CAPEX and Cash Flow - Brain Force



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

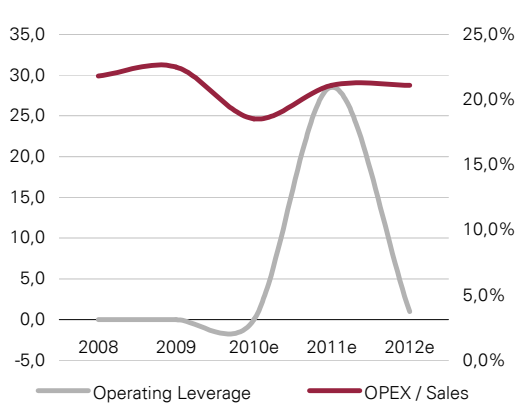
Free Cash Flow Generation - Brain Force



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

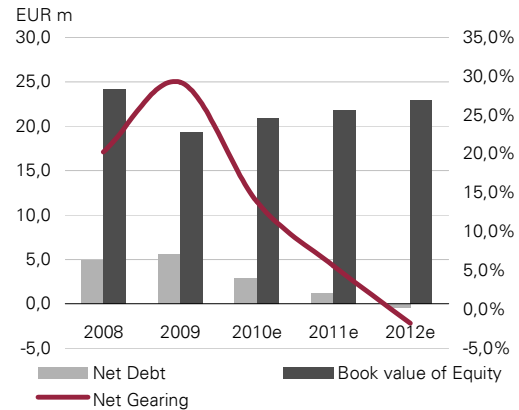
Operating Leverage - Brain Force



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

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

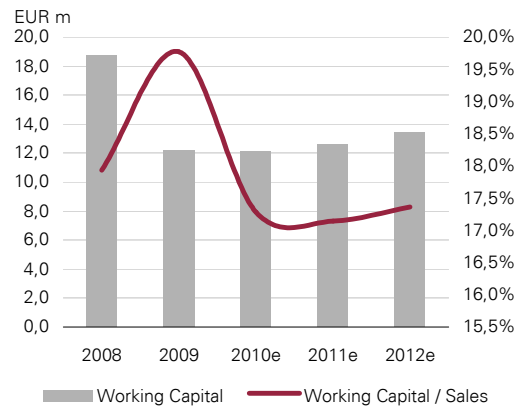
Balance Sheet Quality - Brain Force



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

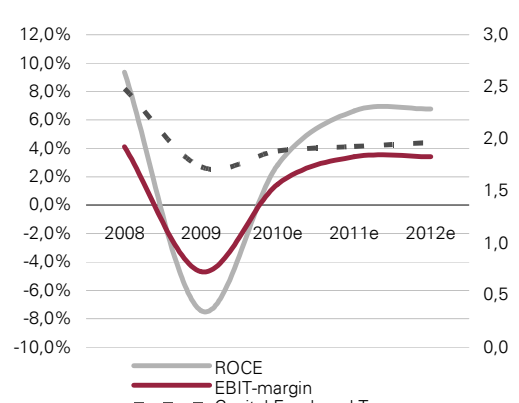
Working Capital - Brain Force



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

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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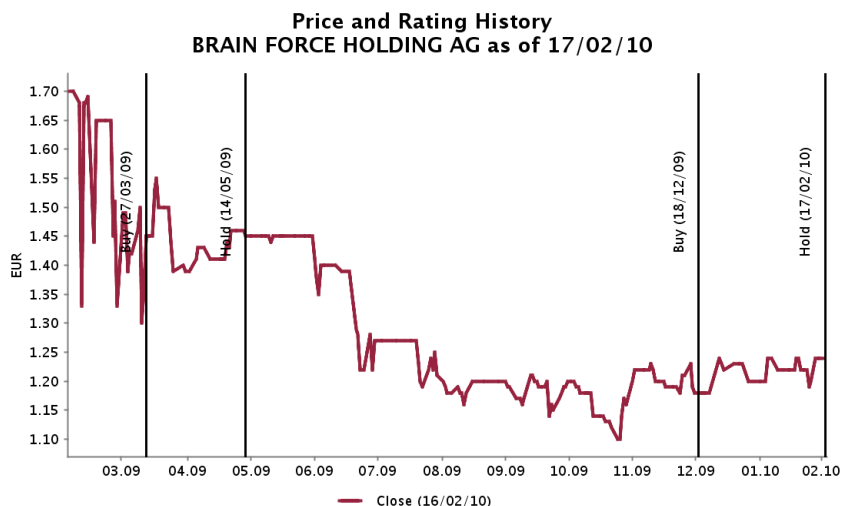
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Sell	17	8%
Rating suspended	16	8%
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Hold	34	26%
Sell	4	3%
Rating suspended	11	8%
Total	132	



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