

Hold (old: Hold)

PT EUR 1.40 (old: 1.60)

Price EUR 1.18  
 Bloomberg BFC AV  
 Reuters BFCG  
 Sector IT Services

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



Share data: 20.08.2009 / Closing price

Market cap: EUR 18.2 m  
 Enterprise Value (EV): EUR 24.9 m  
 Book value: EUR 23.2 m  
 No. of shares: 15.4 m

## Shareholders:

BEKO Holding AG 54.7 %  
 Free Float 33.3 %  
 Erster Priv. Inv. Club Köln 11.4 %  
 Cross Industries 0.6 %

## Calendar:

Figures Q3 11/10/2009  
 Figures 2009 12/22/2009

Change	2009E		2010E		2011E	
	old	Δ	old	Δ	old	Δ
Sales	92.4	-5.9	95.2	-7.9	102	-10.2
EBIT	-0.9	-2.2	4.3	-3.4	4.6	-1.4
EPS	-0.18	-0.07	0.16	-0.15	0.17	-0.06

Analysis: SES Research  
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## Q2 still weak

Brain Force Holding today published figures for Q2 2009. They were slightly **below expectations** and reveal that the market environment for IT services continues to be difficult. Brain Force suffers from an economy-related price pressure and a low level of new orders.

## Brain Force - Q2 2009

Figures in EUR m	Q2/09	Q2/09e	Q2/08	yoy	6M/09	6M/09e	6M/08	yoy
Sales	21.3	22.8	26.9	-21.0%	43.6	45.1	52.3	-16.7%
EBITDA	-0.3	0.1	2.3	-	0.8	1.1	3.9	-80.1%
margin	-1.3%	0.3%	8.4%	-	1.8%	2.5%	7.5%	-
EBIT	-1.2	-0.8	1.3	-	-1.1	-0.7	1.9	-
margin	-5.5%	-3.4%	4.7%	-	-2.4%	-1.5%	3.6%	-
EPS in EUR	-0.08	-0.05	0.05	-	-0.10	-0.07	0.05	-

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

**Restructuring is making progress though:** In anticipation of a poor market situation Brain Force had initiated cost-cutting measures at an early stage. Beside consistent savings measures in the operating business the company relocated the Austrian companies to a much more favourable office building and implemented strict restructuring measures in Italy as well as short-time work in Germany. **Overall, around 10% of personnel were laid off on a group-wide basis in H1.** Furthermore, the management board and the managing directors have accepted a cut of around 10-15% in their fixed remuneration. On top, a cash pooling was created within the group for an internal equalisation of liquidity, which markedly reduced the interest expenses, as well as a project for the working capital optimisation. As such, the company was able to cope with a **slump in sales of almost EUR 10 m** on a half-yearly basis, while the **operating cash flow remained more or less stable with EUR +0.4 m. This is an impressive result.**

However, as the company fell short of the sales and earnings expectations in H1 the **estimates are lowered once again.**

**Newsflow negative for the time being:** Q3 is adversely affected by the holiday season in the personnel-intensive IT industry and the ongoing restructuring will again affect the budget with approx. EUR 1.4 m. The company expects a clearly negative EBIT of EUR -4 m at the end of Q3. The successes of the restructuring measures, in turn, will not become visible before a good Q4. The full effect of the restructuring is expected for Q1 10.

**Hold rating reiterated. The PT is reduced to EUR 1.40.**

Fiscal year ending: 31.12.	2006	2007	2008	2009E	2010E	2011E
Sales	88.5	98.3	106	86.5	87.3	91.7
Change Sales yoy	15.5 %	11.1 %	8.0 %	-18.6 %	1.0 %	5.0 %
Gross balance	88.5	19.3	27.4	19.9	20.1	22.5
Gross margin	100.0 %	19.6 %	25.8 %	23.0 %	23.0 %	24.5 %
EBITDA	6.5	0.3	7.8	0.3	4.3	6.8
EBITDA-margin	7.4 %	0.4 %	7.3 %	0.4 %	4.9 %	7.4 %
EBIT	2.9	-16.7	3.8	-3.1	0.9	3.2
EBIT-margin	3.3 %	-17.0 %	3.6 %	-3.6 %	1.0 %	3.5 %
Net income	4.2	-19.9	-2.1	-3.9	0.2	1.7
EPS	0.10	-1.29	-0.14	-0.25	0.01	0.11
Free Cash Flow per share	0.31	-0.31	0.27	0.02	0.12	0.17
Dividend	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.
EV/Sales	0.3	0.3	0.2	0.3	0.3	0.2
EV/EBITDA	3.9	73.2	3.2	71.9	5.4	3.0
EV/EBIT	8.7	-1.5	6.6	-8.0	26.4	6.4
PER	11.8	-0.9	-8.4	-4.7	118.0	10.7
ROCE	4.8 %	-30.2 %	8.4 %	-7.5 %	2.2 %	7.8 %
Adj. Free Cash Flow Yield	16.9 %	-7.5 %	22.9 %	-8.9 %	11.7 %	24.9 %

Per Share figures in EUR, other figures in EUR m., price: EUR 1.18

<b>Consolidated Profit &amp; Loss Brain Force Holding</b>						
in EUR m						
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009E</b>	<b>2010E</b>	<b>2011E</b>
<b>Sales</b>	<b>88.5</b>	<b>98.3</b>	<b>106</b>	<b>86.5</b>	<b>87.3</b>	<b>91.7</b>
Cost of sales	0.0	79.1	78.8	66.6	67.2	69.2
<b>Gross balance</b>	<b>88.5</b>	<b>19.3</b>	<b>27.4</b>	<b>19.9</b>	<b>20.1</b>	<b>22.5</b>
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Sales and marketing	0.0	11.9	11.5	10.4	9.6	10.1
General and administration	0.0	14.2	11.0	10.3	9.6	9.2
Other operating income/expenses	0.0	-1.2	-1.1	0.0	0.0	0.0
Unfrequent items	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-2.3</b>	<b>0.0</b>	<b>0.0</b>
<b>EBITDA</b>	<b>6.5</b>	<b>0.3</b>	<b>7.8</b>	<b>0.3</b>	<b>4.3</b>	<b>6.8</b>
Depreciation of fixed assets	0.7	0.8	1.1	0.9	0.9	0.9
<b>EBITA</b>	<b>5.8</b>	<b>-0.5</b>	<b>6.7</b>	<b>-0.5</b>	<b>3.4</b>	<b>5.9</b>
Amortisation of intangible fixed assets	2.9	7.6	2.9	2.6	2.5	2.7
Impairment charges and amortisation of goodwill	0.0	8.6	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>2.9</b>	<b>-16.7</b>	<b>3.8</b>	<b>-3.1</b>	<b>0.9</b>	<b>3.2</b>
Interest income	0.1	0.1	0.0	0.0	0.0	0.0
Interest expenses	0.2	0.8	1.5	0.8	0.7	0.7
Financial result	0.3	-1.2	-1.4	-0.8	-0.7	-0.7
<b>Recurring pretax income from cont. operations</b>	<b>3.2</b>	<b>-17.9</b>	<b>2.4</b>	<b>-3.9</b>	<b>0.2</b>	<b>2.5</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>3.2</b>	<b>-17.9</b>	<b>2.4</b>	<b>-3.9</b>	<b>0.2</b>	<b>2.5</b>
Taxes total	-0.9	2.0	4.5	0.0	0.0	0.8
<b>Net income from continuing operations</b>	<b>4.2</b>	<b>-19.9</b>	<b>-2.1</b>	<b>-3.9</b>	<b>0.2</b>	<b>1.7</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>4.2</b>	<b>-19.9</b>	<b>-2.1</b>	<b>-3.9</b>	<b>0.2</b>	<b>1.7</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>4.2</b>	<b>-19.9</b>	<b>-2.1</b>	<b>-3.9</b>	<b>0.2</b>	<b>1.7</b>

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

<b>Consolidated Profit &amp; Loss Brain Force Holding</b>						
in % of Sales						
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009E</b>	<b>2010E</b>	<b>2011E</b>
<b>Sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Cost of sales	0.0 %	80.4 %	74.2 %	77.0 %	77.0 %	75.5 %
<b>Gross balance</b>	<b>100.0 %</b>	<b>19.6 %</b>	<b>25.8 %</b>	<b>23.0 %</b>	<b>23.0 %</b>	<b>24.5 %</b>
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales and marketing	0.0 %	12.1 %	10.9 %	12.0 %	11.0 %	11.0 %
General and administration	0.0 %	14.5 %	10.3 %	11.9 %	11.0 %	10.0 %
Other operating income/expenses	0.0 %	-1.2 %	-1.0 %	0.0 %	0.0 %	0.0 %
Unfrequent items	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>-2.7 %</b>	<b>0.0 %</b>	<b>0.0 %</b>
<b>EBITDA</b>	<b>7.4 %</b>	<b>0.4 %</b>	<b>7.4 %</b>	<b>0.4 %</b>	<b>4.9 %</b>	<b>7.4 %</b>
Depreciation of fixed assets	0.8 %	0.8 %	1.0 %	1.0 %	1.0 %	1.0 %
<b>EBITA</b>	<b>6.5 %</b>	<b>-0.5 %</b>	<b>6.3 %</b>	<b>-0.6 %</b>	<b>3.9 %</b>	<b>6.4 %</b>
Amortisation of intangible fixed assets	3.2 %	7.7 %	2.7 %	3.0 %	2.9 %	2.9 %
Impairment charges and amortisation of goodwill	0.0 %	8.8 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>3.3 %</b>	<b>-17.0 %</b>	<b>3.6 %</b>	<b>-3.6 %</b>	<b>1.0 %</b>	<b>3.5 %</b>
Interest income	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest expenses	0.3 %	0.8 %	1.4 %	0.9 %	0.8 %	0.8 %
Financial result	0.4 %	-1.3 %	-1.4 %	-0.9 %	-0.8 %	-0.8 %
<b>Recurring pretax income from cont. operations</b>	<b>3.7 %</b>	<b>-18.2 %</b>	<b>2.3 %</b>	<b>-4.5 %</b>	<b>0.2 %</b>	<b>2.7 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBT</b>	<b>3.7 %</b>	<b>-18.2 %</b>	<b>2.3 %</b>	<b>-4.5 %</b>	<b>0.2 %</b>	<b>2.7 %</b>
Taxes total	-1.1 %	2.0 %	4.2 %	0.0 %	0.0 %	0.9 %
<b>Net income from continuing operations</b>	<b>4.7 %</b>	<b>-20.3 %</b>	<b>-2.0 %</b>	<b>-4.5 %</b>	<b>0.2 %</b>	<b>1.9 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income before minorities</b>	<b>4.7 %</b>	<b>-20.3 %</b>	<b>-2.0 %</b>	<b>-4.5 %</b>	<b>0.2 %</b>	<b>1.9 %</b>
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>4.7 %</b>	<b>-20.3 %</b>	<b>-2.0 %</b>	<b>-4.5 %</b>	<b>0.2 %</b>	<b>1.9 %</b>

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

**Balance sheet Brain Force Holding**

in EUR m

	2006	2007	2008	2009E	2010E	2011E
<b>Assets</b>						
Intangible assets	31.8	28.9	25.8	24.1	22.3	20.5
thereof other intangible assets	10.5	13.1	11.3	9.5	7.8	5.9
thereof Goodwill	21.3	15.9	14.5	14.5	14.5	14.5
Property, plant and equipment	1.6	2.3	2.5	3.6	3.6	3.7
Financial assets	0.7	0.2	0.2	0.2	0.2	0.2
<b>Fixed assets</b>	<b>34.1</b>	<b>31.4</b>	<b>28.5</b>	<b>27.8</b>	<b>26.1</b>	<b>24.3</b>
Inventories	0.3	0.3	0.2	0.2	0.2	0.3
Accounts receivable	25.9	28.2	26.9	21.8	22.0	23.1
Other Assets	7.7	5.0	1.9	1.9	1.9	1.9
Liquid assets	13.5	9.4	8.8	8.8	10.1	12.6
<b>Current assets</b>	<b>47.5</b>	<b>42.9</b>	<b>37.8</b>	<b>32.7</b>	<b>34.2</b>	<b>37.9</b>
<b>Total assets</b>	<b>81.6</b>	<b>74.3</b>	<b>66.3</b>	<b>60.5</b>	<b>60.3</b>	<b>62.3</b>
<b>Liabilities and shareholders' equity</b>						
Subscribed capital	15.4	15.4	15.4	15.4	15.4	15.4
Additional paid-in capital	24.8	15.5	15.2	15.2	15.2	15.2
Surplus capital	0.0	0.0	0.0	-3.9	-3.7	-2.0
Other equity components	8.0	-4.7	-6.5	-3.5	-3.6	-3.5
Book value	48.1	26.3	24.1	23.2	23.3	25.1
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>48.1</b>	<b>26.3</b>	<b>24.1</b>	<b>23.2</b>	<b>23.3</b>	<b>25.1</b>
Provision for pensions and similar obligations	3.9	2.6	2.3	2.3	2.3	2.3
Provisions	10.0	7.5	4.3	4.3	4.3	4.3
Financial liabilities	2.5	16.0	13.7	13.2	12.7	12.7
Accounts payable	8.5	9.8	8.3	6.8	6.9	7.2
Other liabilities	12.4	14.8	15.9	12.4	12.4	12.4
<b>Liabilities</b>	<b>33.5</b>	<b>48.1</b>	<b>42.2</b>	<b>36.7</b>	<b>36.3</b>	<b>36.6</b>
<b>Total liabilities and shareholders equity</b>	<b>81.6</b>	<b>74.3</b>	<b>66.3</b>	<b>59.9</b>	<b>59.6</b>	<b>61.7</b>

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

**Balance sheet Brain Force Holding**

in % of Balance Sheet Total

	2006	2007	2008	2009E	2010E	2011E
<b>Assets</b>						
Intangible assets	39.0 %	38.9 %	39.0 %	39.8 %	37.0 %	32.8 %
thereof other intangible assets	12.9 %	17.6 %	17.1 %	15.8 %	12.9 %	9.5 %
thereof Goodwill	26.1 %	21.4 %	21.9 %	24.0 %	24.1 %	23.3 %
Property, plant and equipment	2.0 %	3.1 %	3.8 %	5.9 %	6.0 %	5.9 %
Financial assets	0.9 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %
<b>Fixed assets</b>	<b>41.8 %</b>	<b>42.3 %</b>	<b>43.0 %</b>	<b>46.0 %</b>	<b>43.3 %</b>	<b>39.0 %</b>
Inventories	0.4 %	0.4 %	0.3 %	0.3 %	0.3 %	0.5 %
Accounts receivable	31.7 %	37.9 %	40.6 %	36.0 %	36.5 %	37.1 %
Other Assets	9.5 %	6.8 %	2.9 %	3.1 %	3.1 %	3.0 %
Liquid assets	16.6 %	12.7 %	13.3 %	14.5 %	16.7 %	20.3 %
<b>Current assets</b>	<b>58.2 %</b>	<b>57.7 %</b>	<b>57.0 %</b>	<b>54.0 %</b>	<b>56.6 %</b>	<b>60.9 %</b>
<b>Total assets</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
<b>Liabilities and shareholders' equity</b>						
Subscribed capital	18.9 %	20.7 %	23.2 %	25.4 %	25.5 %	24.7 %
Additional paid-in capital	30.3 %	20.9 %	23.0 %	25.2 %	25.3 %	24.5 %
Surplus capital	0.0 %	0.0 %	0.0 %	-6.5 %	-6.2 %	-3.3 %
Other equity components	9.8 %	-6.3 %	-9.8 %	-5.8 %	-5.9 %	-5.6 %
Book value	58.9 %	35.4 %	36.4 %	38.4 %	38.7 %	40.3 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Total equity</b>	<b>58.9 %</b>	<b>35.4 %</b>	<b>36.4 %</b>	<b>38.4 %</b>	<b>38.7 %</b>	<b>40.3 %</b>
Provision for pensions and similar obligations	4.8 %	3.4 %	3.4 %	3.8 %	3.8 %	3.7 %
Provisions	12.2 %	10.1 %	6.4 %	7.1 %	7.1 %	6.9 %
Financial liabilities	3.1 %	21.5 %	20.7 %	21.8 %	21.1 %	20.4 %
Accounts payable	10.4 %	13.2 %	12.6 %	11.2 %	11.4 %	11.6 %
Other liabilities	15.3 %	20.0 %	23.9 %	20.5 %	20.6 %	19.9 %
<b>Liabilities</b>	<b>41.0 %</b>	<b>64.7 %</b>	<b>63.6 %</b>	<b>60.7 %</b>	<b>60.2 %</b>	<b>58.7 %</b>
<b>Total liabilities and shareholders equity</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>99.0 %</b>	<b>98.8 %</b>	<b>99.0 %</b>

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

**Statement of Cash Flows Brain Force Holding**

in EUR m

	2006	2007	2008	2009E	2010E	2011E
Net income	4.2	-19.9	-2.1	-3.9	0.2	1.7
Depreciation of fixed assets	0.7	0.8	1.1	0.9	0.9	0.9
Amortisation of goodwill	0.0	8.6	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.9	7.6	2.9	2.6	2.5	2.7
Increase/decrease in long-term provisions	0.0	-1.2	-0.3	0.0	0.0	0.0
Other costs affecting income / expenses	-3.7	-0.7	5.1	0.0	0.0	0.0
<b>Cash Flow</b>	<b>4.1</b>	<b>-4.8</b>	<b>6.7</b>	<b>-0.5</b>	<b>3.6</b>	<b>5.3</b>
Increase / decrease in inventory	0.0	0.1	0.1	0.0	0.0	-0.1
Increase / decrease in accounts receivable	3.6	0.5	1.0	5.1	-0.2	-1.1
Increase / decrease in accounts payable	-0.5	2.2	-1.4	-1.5	0.1	0.3
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital	3.1	2.8	-0.4	3.5	-0.1	-0.9
<b>Cash flow from operating activities</b>	<b>7.2</b>	<b>-2.0</b>	<b>6.3</b>	<b>3.1</b>	<b>3.5</b>	<b>4.4</b>
CAPEX	-2.8	-2.8	-2.1	-2.7	-1.7	-1.8
Payments for acquisitions	-11.2	-6.9	-2.3	-0.3	0.0	0.0
Financial investments	0.1	0.1	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.1	0.0	0.4	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-13.9</b>	<b>-9.6</b>	<b>-4.4</b>	<b>-2.6</b>	<b>-1.7</b>	<b>-1.8</b>
Change in financial liabilities	-4.4	12.3	-2.3	-0.5	-0.5	0.0
Dividends paid	-0.8	-1.5	0.0	0.0	0.0	0.0
Purchase of own shares	-0.1	-3.0	0.0	0.0	0.0	0.0
Capital measures	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
<b>Cash flow from financing activities</b>	<b>8.7</b>	<b>7.8</b>	<b>-2.3</b>	<b>-0.5</b>	<b>-0.5</b>	<b>0.0</b>
Change in liquid funds	2.1	-3.8	-0.4	0.0	1.3	2.6
<b>Effects of exchange rate changes on cash</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Liquid assets at end of period</b>	<b>13.2</b>	<b>9.4</b>	<b>9.1</b>	<b>8.8</b>	<b>10.1</b>	<b>12.6</b>

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

## Financial Ratios Brain Force Holding

	2006	2007	2008	2009E	2010E	2011E
<b>Operational Efficiency</b>						
Total Operating Costs / Sales	94.8 %	27.8 %	22.2 %	23.9 %	22.0 %	21.0 %
Sales per Employee	75,538	85,805	95,682	74,176	71,351	71,351
EBITDA per Employee	5,559	302	7,032	297	3,496	5,280
EBIT-margin	3.3 %	-17.0 %	3.6 %	-3.6 %	1.0 %	3.5 %
EBITDA / Operating Assets	33.8 %	1.6 %	36.8 %	1.8 %	22.7 %	34.1 %
ROA	12.2 %	-63.3 %	-7.3 %	-14.1 %	0.7 %	7.0 %
<b>Efficiency of Capital Employment</b>						
Plant Turnover	54.9	42.2	42.6	24.3	24.4	25.0
Operating Assets Turnover	4.6	4.7	5.0	4.6	4.6	4.6
Capital Employed Turnover	1.5	2.0	2.5	2.1	2.2	2.2
<b>Return on Capital</b>						
ROCE	4.8 %	-30.2 %	8.4 %	-7.5 %	2.2 %	7.8 %
EBITDA / Avg. Capital Employed	10.7 %	0.6 %	17.0 %	0.8 %	10.6 %	16.5 %
ROE	8.7 %	-75.8 %	-8.6 %	-16.8 %	0.7 %	6.8 %
Net Profit / Avg. Equity	17.4 %	-53.6 %	-8.3 %	-16.5 %	0.7 %	7.1 %
Recurring Net Profit / Avg. Equity	17.4 %	-53.6 %	-8.3 %	-16.5 %	0.7 %	7.1 %
ROIC	6.7 %	-38.1 %	-4.7 %	-9.0 %	0.4 %	3.8 %
<b>Solvency</b>						
Net Debt	-11.0	6.5	4.9	4.4	2.7	0.1
Net Gearing	-22.8 %	24.9 %	20.2 %	19.1 %	11.4 %	0.3 %
Book Value of Equity / Book Value of Debt	1889.0 %	164.4 %	176.4 %	175.9 %	183.4 %	197.6 %
Current ratio	2.1	1.5	1.4	1.5	1.6	1.7
Acid Test Ratio	1.4	1.2	1.2	1.2	1.3	1.4
EBITDA / Interest Paid	29.5	0.4	5.3	0.4	6.1	9.7
Interest Cover	30.7	n.a.	2.7	n.a.	1.2	4.6
<b>Cash Flow</b>						
Free Cash Flow	4.4	-4.8	4.2	0.4	1.8	2.6
Free Cash Flow / Sales	5.0 %	-4.9 %	4.0 %	0.4 %	2.0 %	2.8 %
Adj. Free Cash Flow	4.3	-1.9	5.8	-2.2	2.7	5.1
Adj. Free Cash Flow / Sales	2.2 %	-4.1 %	3.0 %	-3.5 %	2.3 %	3.9 %
Free Cash Flow / Net Profit	105.7 %	24.3 %	-201.5 %	-9.2 %	1027.0 %	151.2 %
Interest Received / Avg. Cash	0.9 %	0.6 %	0.4 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	8.7 %	8.5 %	10.0 %	5.9 %	5.4 %	5.5 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Fund Management</b>						
Investment ratio	3.1 %	2.7 %	2.0 %	3.2 %	1.9 %	2.0 %
Maint. Capex / Sales	2.5 %	2.3 %	1.9 %	3.0 %	1.8 %	1.8 %
Capex / Dep	76.3 %	15.7 %	53.0 %	78.9 %	49.9 %	50.3 %
Avg. Working Capital / Sales	20.0 %	18.5 %	17.6 %	19.6 %	17.5 %	17.2 %
Trade Creditors / Trade Debtors	303.4 %	288.0 %	322.5 %	320.6 %	318.8 %	320.8 %
Inventory turnover (days)	1.4	1.0	1.0	1.0	1.0	1.0
Receivables collection period (DSOs)	107	105	92.4	92.0	92.0	92.0
Payables collection period (days)	35.1	36.3	28.7	28.7	28.7	28.7
Cash conversion cycle (days)	72.9	69.3	64.8	64.3	64.3	64.3
<b>Valuation</b>						
P/B	0.4	0.7	0.8	0.8	0.8	0.7
EV/sales	0.3	0.3	0.2	0.3	0.3	0.2
EV/EBITDA	3.9	73.2	3.2	71.9	5.4	3.0
EV/EBIT	8.7	-1.5	6.6	-8.0	26.4	6.4
EV/FCF	5.7	-5.2	6.0	69.1	13.0	7.9
P/E	11.8	-0.9	-8.4	-4.7	118.0	10.7
P/CF	4.4	neg.	2.7	neg.	5.1	3.4

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

**Free Cash Flow Yield - Brain Force**

Figures in EUR m

	2005	2006	2007	2008	2009e	2010e	2011e
Net Income	3.0	4.2	-19.9	-2.1	-3.9	0.2	1.7
+ Depreciation + Amortisation	2.5	3.6	17.0	4.0	3.5	3.4	3.6
- Net Interest Income	0.1	0.3	-1.2	-1.4	-0.8	-0.7	-0.7
+ Taxes	0.5	-0.9	2.0	4.5	0.0	0.0	0.8
- Maintenance Capex	0.0	2.2	2.3	2.0	2.6	1.6	1.7
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>= Adjusted Free Cash Flow</b>	<b>5.9</b>	<b>4.3</b>	<b>-1.9</b>	<b>5.8</b>	<b>-2.2</b>	<b>2.7</b>	<b>5.1</b>
Adjusted Free Cash Flow Yield	23.5%	16.9%	-7.5%	22.9%	-8.9%	11.7%	24.9%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<b>= Enterprise Value</b>	<b>25.3</b>	<b>25.3</b>	<b>25.3</b>	<b>25.3</b>	<b>24.9</b>	<b>23.1</b>	<b>20.5</b>
<b>= Fair Enterprise Value</b>	<b>59.5</b>	<b>42.7</b>	<b>-</b>	<b>58.1</b>	<b>-</b>	<b>27.0</b>	<b>51.1</b>
- Net Debt (Cash)	4.9	4.9	4.9	4.9	4.4	2.7	0.1
- Pension Liabilities	2.3	2.3	2.3	2.3	2.3	2.3	2.3
- Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>= Fair Market Capitalisation</b>	<b>52.3</b>	<b>35.5</b>	<b>-</b>	<b>50.9</b>	<b>-</b>	<b>22.1</b>	<b>48.8</b>
No. of shares (m)	15.4	15.4	15.4	15.4	15.4	15.4	15.4
<b>= Fair value per share (EUR)</b>	<b>3.40</b>	<b>2.31</b>	<b>-</b>	<b>3.31</b>	<b>-</b>	<b>1.43</b>	<b>3.17</b>
premium (-) / discount (+) in %	188.0%	95.7%	-	180.6%	-	21.5%	168.6%

**Sensitivity Fair value per Share (EUR)**

	13.0%	2.51	1.67	-	2.44	-	1.03	2.40
	12.0%	2.75	1.85	-	2.68	-	1.14	2.62
	11.0%	3.05	2.06	-	2.97	-	1.27	2.87
Hurdle rate	<b>10.0%</b>	<b>3.40</b>	<b>2.31</b>	<b>-</b>	<b>3.31</b>	<b>-</b>	<b>1.43</b>	<b>3.17</b>
	9.0%	3.83	2.62	-	3.73	-	1.63	3.54
	8.0%	4.37	3.00	-	4.25	-	1.87	4.00
	7.0%	5.06	3.50	-	4.93	-	2.18	4.59

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

**DCF Model - Brain Force**

Figures in EUR m	2009e	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e
Sales	86.5	87.3	91.7	96.3	101.1	106.1	111.4	117.0	119.9	122.9	126.0	129.2	132.4	135.7
Change	-18.6%	1.0%	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	-3.1	0.9	3.2	4.3	4.5	4.8	5.0	5.3	5.4	5.5	5.7	5.8	6.0	6.1
EBIT-Margin	-3.6%	1.0%	3.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Tax rate	0.0%	0.0%	31.9%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	39.0%
NOPAT	-3.1	0.9	2.2	3.0	3.2	3.3	3.5	3.7	3.8	3.9	4.0	4.1	4.2	3.7
Depreciation	3.5	3.4	3.6	2.3	2.0	2.1	2.2	2.3	2.4	2.5	2.5	2.6	2.6	2.7
in % of Sales	4.0%	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	3.5	-0.1	-0.9	0.0	0.0	0.0	-0.7	-0.7	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5
- Capex	-2.7	-1.7	-1.8	-1.9	-2.0	-2.1	-2.2	-2.3	-2.4	-2.5	-2.5	-2.6	-2.6	-2.7
Capex in % of Sales	3.2%	1.9%	2.0%	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	0.0	-0.5
Free Cash Flow (WACC-Model)	1.2	2.5	3.1	3.5	3.2	3.4	2.8	3.0	3.3	3.4	3.5	3.6	3.7	2.8

**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)**

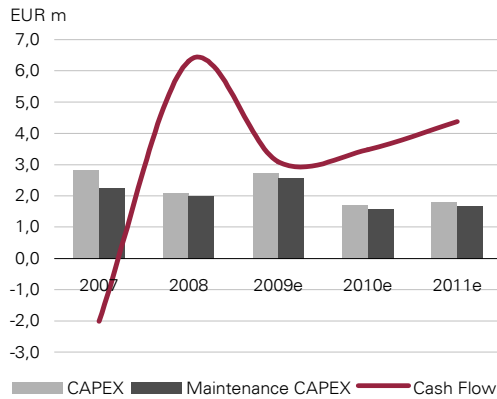
Present values 2022e	21.4	Special items	0.9
Terminal Value	8.7		
Liabilities	-16.0		
Liquidity	8.8	No. of shares (mln)	15.39
<b>Equity Value</b>	<b>22.1</b>	<b>Value per share (EUR)</b>	<b>1.44</b>

**Sensitivity Value per Share (EUR)**

Terminal Growth								Delta EBIT-margin							
WACC	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%	WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.56%	1.21	1.22	1.23	1.24	1.25	1.27	1.28	11.56%	0.50	0.74	0.99	1.24	1.49	1.73	1.98
11.06%	1.29	1.30	1.32	1.33	1.35	1.36	1.38	11.06%	0.55	0.81	1.07	1.33	1.59	1.85	2.11
10.81%	1.34	1.35	1.37	1.38	1.40	1.42	1.44	10.81%	0.58	0.85	1.11	1.38	1.65	1.92	2.19
<b>10.56%</b>	1.39	1.40	1.42	<b>1.44</b>	1.45	1.47	1.49	<b>10.56%</b>	0.61	0.89	1.16	<b>1.44</b>	1.71	1.99	2.26
10.31%	1.44	1.46	1.47	1.49	1.51	1.53	1.56	10.31%	0.64	0.93	1.21	1.49	1.77	2.06	2.34
10.06%	1.49	1.51	1.53	1.55	1.57	1.60	1.62	10.06%	0.68	0.97	1.26	1.55	1.84	2.13	2.43
9.56%	1.61	1.63	1.66	1.68	1.71	1.74	1.77	9.56%	0.75	1.06	1.37	1.68	1.99	2.30	2.61

Source: SES Research

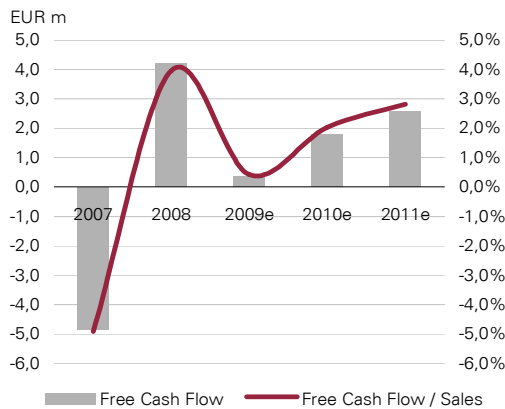
## CAPEX and Cash Flow - Brain Force



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

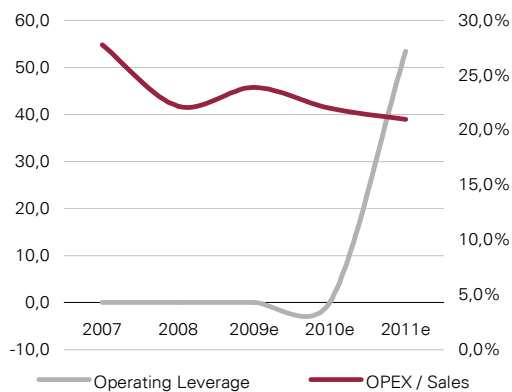
## Free Cash Flow Generation - Brain Force



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

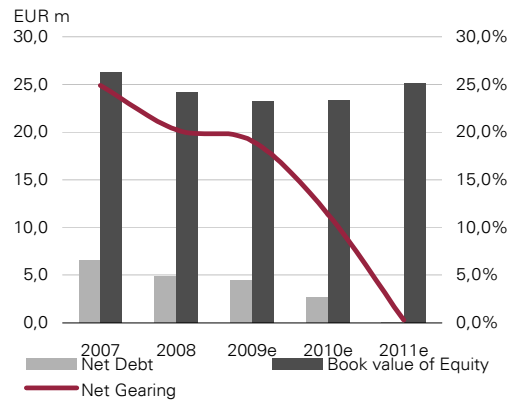
## Operating Leverage - Brain Force



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

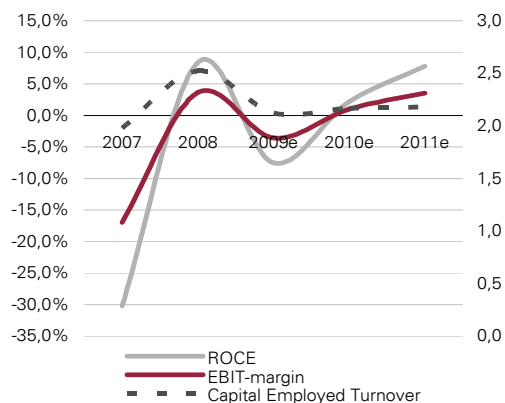
## Working Capital - Brain Force



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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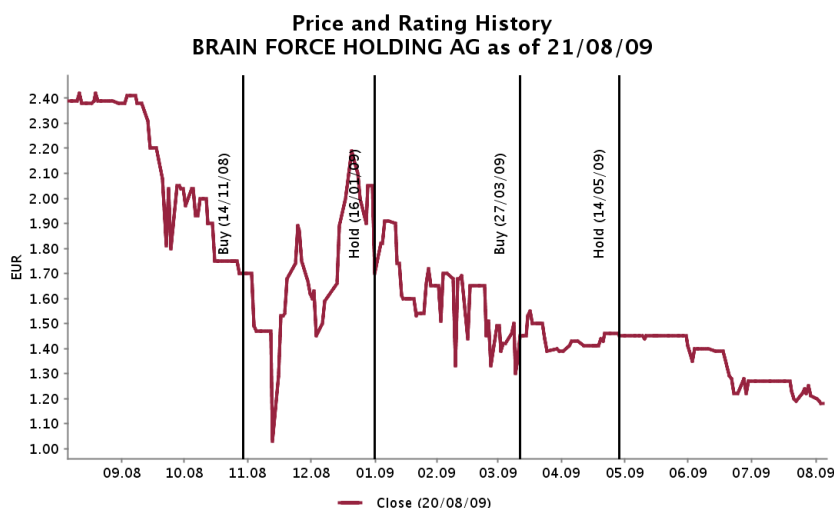
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Sell	23	11%
Rating suspended	19	9%
<b>Total</b>	<b>207</b>	

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Buy	78	62%
Hold	32	25%
Sell	5	4%
Rating suspended	11	9%
<b>Total</b>	<b>126</b>	



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