Brain Force Holding

Hold	(old: Hold)
PT EUR 1.40	(old: 1.40)

Price	EUR 1.16
Bloomberg	BFC AV
Reuters	BFCG
Sector	IT Services

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

Share data: 13.11.2009 / Closing price

Market cap:	EUR 17.9 m
Enterprise Value (EV):	EUR 25.9 m
Book value:	EUR 23.3 m
No. of shares:	15.4 m
Trading volume Ø:	EUR n.a. m

Shareholders:

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

Calendar:

Figures 2009	12/22/2009

Change	2009E		2010E		2011E	
	old	Δ%	old	Δ%	old	Δ%
Sales	61.7	-	87.3	-	91.7	-
EBIT	-2.9	-	0.9	-	3.2	-
EPS	-0.31	-	0.01	-	0.11	-

Analysis: SES Research
Date of publication: 16.11.2009
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Severe restructurings

On November 13, 2009, Brain Force Holding released the business figures for the short business year 2009 (from January 1 to September 30, 2009). At sales of EUR 61.7 m the EBIT was clearly negative (EUR -2.9 m), but still **significantly above** the expected figures of around EUR -4 m, which is due to the fact that Brain Force reports the closing of the Berlin location in the discontinued operations as required by IFRS.

Brain Force - 2009 Figures in EUR m	Short business year **2009**	Short business year **2009e**	Full year **2008**	yoy
Sales	61.7	60.2	104.7	n.m.
EBITDA	-0.2	-1.0	7.1	n.m.
margin	*-0.3%*	*2.5%*	*6.8%*	
EBIT	-2.9	-3.9	3.4	n.m.
margin	*-4.7%*	*-1.5%*	*3.2%*	

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

However, the **restructuring was also very successful**. Savings measures in the operating business and the relocation of the Austrian companies into cheaper office buildings, severe restructuring measures in Italy, the closure of the Berlin location as well as short-time work in Germany are the major elements of this package of measures. 146 employees (13% of the headcount) were laid off throughout the company in the first 9 months. The group holding was also able to save costs of EUR 0.92 m in the shortened period under review. Additionally, a cash pool was introduced and a project for the optimisation of the working capital was implemented. In doing so, the company managed to **generate an impressive positive operating cash flow of EUR 1 m** in the period under review despite the high loss.

Thus, the company will have a good start to fiscal year 2010 (as from 30.09.10). The balance sheet does not reveal any foreseeable financing bottlenecks and the cost basis has been reduced by around EUR 20 m. Against this backdrop it is realistic that the company meets the **positive operating result** aimed for in 2010. Whether the company will succeed in meeting the long-term estimates (SES), which are the basis for the determined price target, does not only depend on the achieved cost cutting targets, but also anticipates a slight pick-up of demand.

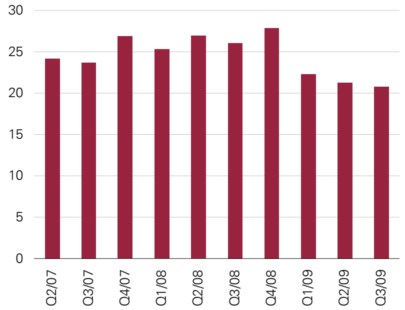
Against this backdrop the **Hold** rating is reiterated.

(Please note that the tables below can only be compared to a limited extent given that 2009 is a short business year comprising 9 months.)

Fiscal year ending: 31.12.	**2005**	**2006**	**2007**	**2008**	**2009E**	**2010E**	**2011E**
Sales	76.6	88.5	98.3	106	61.7	87.3	91.7
Change Sales yoy	18.9 %	15.5 %	11.1 %	8.0 %	-41.9 %	41.5 %	5.0 %
Gross balance	76.6	88.5	19.3	27.4	13.5	20.1	22.5
Gross margin	*100.0 %*	*100.0 %*	*19.6 %*	*25.8 %*	*21.9 %*	*23.0 %*	*24.5 %*
EBITDA	6.0	6.5	0.3	7.8	-0.2	4.3	6.8
EBITDA-margin	7.9 %	7.4 %	0.4 %	7.3 %	-0.3 %	4.9 %	7.4 %
EBIT	3.6	2.9	-16.7	3.8	-2.9	0.9	3.2
EBIT-margin	4.7 %	3.3 %	-17.0 %	3.6 %	-4.7 %	1.0 %	3.5 %
Net income	3.0	4.2	-19.9	-2.1	-4.8	0.2	1.7
EPS	0.30	0.10	-1.29	-0.14	-0.31	0.01	0.11
Free Cash Flow per share	0.55	0.31	-0.31	0.27	-0.07	0.04	0.16
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	0.2	0.4	0.3	0.2
EV/EBITDA	4.1	3.8	72.3	3.2	-127.1	5.9	3.3
EV/EBIT	7.0	8.6	-1.5	6.5	-8.9	28.9	7.1
PER	3.9	11.6	-0.9	-8.3	-3.7	116.0	10.5
ROCE	n.a.	4.8 %	-30.2 %	8.4 %	-7.2 %	2.2 %	8.0 %
Adj. Free Cash Flow Yield	23.8 %	17.1 %	-7.6 %	23.2 %	-15.7 %	10.7 %	22.5 %

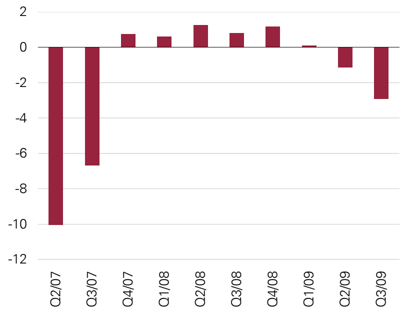
Per Share figures in EUR, other figures in EUR m., price: EUR 1.16

Sales growth
in EUR m



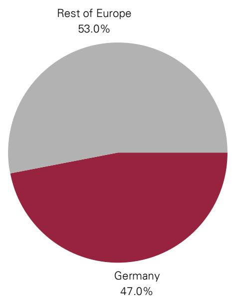
Source: Brain Force

EBIT growth
in EUR m



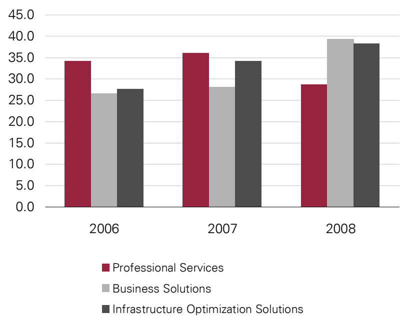
Source: Brain Force

Sales by regions
2008



Source: Brain Force

Sales Split according to segments
in EUR m



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: IT services dealing with the implementation, development and maintenance of business software as well as 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	2005	2006	2007	2008	2009E	2010E	2011E
Sales	**76.6**	**88.5**	**98.3**	**106**	**61.7**	**87.3**	**91.7**
Cost of sales	0.0	0.0	79.1	78.8	48.2	67.2	69.2
Gross balance	**76.6**	**88.5**	**19.3**	**27.4**	**13.5**	**20.1**	**22.5**
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales and marketing	0.0	0.0	11.9	11.5	7.4	9.6	10.1
General and administration	0.0	0.0	14.2	11.0	7.3	9.6	9.2
Other operating income/expenses	0.0	0.0	-1.2	-1.1	0.0	0.0	0.0
Unfrequent items	**0.0**	**0.0**	**0.0**	**0.0**	**-1.7**	**0.0**	**0.0**
EBITDA	**6.0**	**6.5**	**0.3**	**7.8**	**-0.2**	**4.3**	**6.8**
Depreciation of fixed assets	2.5	0.7	0.8	1.1	0.6	0.9	0.9
EBITA	**3.6**	**5.8**	**-0.5**	**6.7**	**-0.8**	**3.4**	**5.9**
Amortisation of intangible fixed assets	0.0	2.9	7.6	2.9	2.1	2.5	2.7
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**	**3.8**	**-2.9**	**0.9**	**3.2**
Interest income	0.1	0.1	0.1	0.0	0.0	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	-0.6	-0.7	-0.7
Recurring pretax income from cont. operations	**3.7**	**3.2**	**-17.9**	**2.4**	**-3.5**	**0.2**	**2.5**
Extraordinary income/loss	0.0	0.0	0.0	0.0	-1.3	0.0	0.0
EBT	**3.7**	**3.2**	**-17.9**	**2.4**	**-4.8**	**0.2**	**2.5**
Taxes total	0.5	-0.9	2.0	4.5	0.0	0.0	0.8
Net income from continuing operations	**3.1**	**4.2**	**-19.9**	**-2.1**	**-4.8**	**0.2**	**1.7**
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	**3.1**	**4.2**	**-19.9**	**-2.1**	**-4.8**	**0.2**	**1.7**
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**	**0.2**	**1.7**

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

Consolidated Profit & Loss Brain Force Holding

in % of Sales	2005	2006	2007	2008	2009E	2010E	2011E
Sales	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Cost of sales	0.0 %	0.0 %	80.4 %	74.2 %	78.1 %	77.0 %	75.5 %
Gross balance	**100.0 %**	**100.0 %**	**19.6 %**	**25.8 %**	**21.9 %**	**23.0 %**	**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 %	10.9 %	12.0 %	11.0 %	11.0 %
General and administration	0.0 %	0.0 %	14.5 %	10.3 %	11.9 %	11.0 %	10.0 %
Other operating income/expenses	0.0 %	0.0 %	-1.2 %	-1.0 %	0.0 %	0.0 %	0.0 %
Unfrequent items	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**-2.7 %**	**0.0 %**	**0.0 %**
EBITDA	**7.9 %**	**7.4 %**	**0.4 %**	**7.4 %**	**-0.3 %**	**4.9 %**	**7.4 %**
Depreciation of fixed assets	3.2 %	0.8 %	0.8 %	1.0 %	1.0 %	1.0 %	1.0 %
EBITA	**4.7 %**	**6.5 %**	**-0.5 %**	**6.3 %**	**-1.3 %**	**3.9 %**	**6.4 %**
Amortisation of intangible fixed assets	0.0 %	3.2 %	7.7 %	2.7 %	3.4 %	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 %**	**3.6 %**	**-4.7 %**	**1.0 %**	**3.5 %**
Interest income	0.1 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest expenses	0.0 %	0.3 %	0.8 %	1.4 %	1.0 %	0.8 %	0.8 %
Financial result	0.1 %	0.4 %	-1.3 %	-1.4 %	-1.0 %	-0.8 %	-0.8 %
Recurring pretax income from cont. operations	**4.8 %**	**3.7 %**	**-18.2 %**	**2.3 %**	**-5.7 %**	**0.2 %**	**2.7 %**
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	-2.1 %	0.0 %	0.0 %
EBT	**4.8 %**	**3.7 %**	**-18.2 %**	**2.3 %**	**-7.8 %**	**0.2 %**	**2.7 %**
Taxes total	0.7 %	-1.1 %	2.0 %	4.2 %	0.0 %	0.0 %	0.9 %
Net income from continuing operations	**4.1 %**	**4.7 %**	**-20.3 %**	**-2.0 %**	**-7.8 %**	**0.2 %**	**1.9 %**
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income before minorities	**4.1 %**	**4.7 %**	**-20.3 %**	**-2.0 %**	**-7.8 %**	**0.2 %**	**1.9 %**
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 %**	**1.9 %**

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

Balance sheet Brain Force Holding

in EUR m	2005	2006	2007	2008	2009E	2010E	2011E
Assets							
Intangible assets	0.0	31.8	28.9	25.8	24.6	22.8	21.0
thereof other intangible assets	0.0	10.5	13.1	11.3	10.0	8.3	6.5
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	3.8	3.8	3.9
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**	**28.6**	**26.9**	**25.1**
Inventories	0.0	0.3	0.3	0.2	0.2	0.2	0.3
Accounts receivable	0.0	25.9	28.2	26.9	19.7	22.8	24.0
Other Assets	0.0	7.7	5.0	1.9	1.9	1.9	1.9
Liquid assets	0.0	13.5	9.4	8.8	5.5	6.1	8.6
Current assets	**0.0**	**47.5**	**42.9**	**37.8**	**27.3**	**31.0**	**34.8**
Total assets	**0.0**	**81.6**	**74.3**	**66.3**	**55.8**	**57.9**	**59.9**
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	15.2	15.2	15.2	15.2
Surplus capital	0.0	0.0	0.0	0.0	-4.8	-4.6	-2.9
Other equity components	0.0	8.0	-4.7	-6.5	-2.5	-2.5	-2.5
Book value	0.0	48.1	26.3	24.1	23.3	23.5	25.2
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**	**23.3**	**23.5**	**25.2**
Provision for pensions and similar obligations	0.0	3.9	2.6	2.3	2.3	2.3	2.3
Provisions	0.0	10.0	7.5	4.3	4.3	4.3	4.3
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	4.6	6.5	6.8
Other liabilities	0.0	12.4	14.8	15.9	12.4	12.4	12.4
Liabilities	**0.0**	**33.5**	**48.1**	**42.2**	**32.5**	**34.4**	**34.7**
Total liabilities and shareholders equity	**0.0**	**81.6**	**74.3**	**66.3**	**55.8**	**57.9**	**59.9**

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

Balance sheet Brain Force Holding

in % of Balance Sheet Total	2005	2006	2007	2008	2009E	2010E	2011E
Assets							
Intangible assets	n.a.	39.0 %	38.9 %	39.0 %	44.0 %	39.4 %	35.0 %
thereof other intangible assets	n.a.	12.9 %	17.6 %	17.1 %	18.0 %	14.4 %	10.8 %
thereof Goodwill	n.a.	26.1 %	21.4 %	21.9 %	26.0 %	25.1 %	24.2 %
Property, plant and equipment	n.a.	2.0 %	3.1 %	3.8 %	6.8 %	6.6 %	6.5 %
Financial assets	n.a.	0.9 %	0.3 %	0.3 %	0.4 %	0.3 %	0.3 %
Fixed assets	**n.a.**	**41.8 %**	**42.3 %**	**43.0 %**	**51.2 %**	**46.4 %**	**41.9 %**
Inventories	n.a.	0.4 %	0.4 %	0.3 %	0.4 %	0.4 %	0.5 %
Accounts receivable	n.a.	31.7 %	37.9 %	40.6 %	35.3 %	39.4 %	40.1 %
Other Assets	n.a.	9.5 %	6.8 %	2.9 %	3.4 %	3.3 %	3.2 %
Liquid assets	n.a.	16.6 %	12.7 %	13.3 %	9.8 %	10.6 %	14.4 %
Current assets	**n.a.**	**58.2 %**	**57.7 %**	**57.0 %**	**48.9 %**	**53.6 %**	**58.1 %**
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 %	27.6 %	26.6 %	25.7 %
Additional paid-in capital	n.a.	30.3 %	20.9 %	23.0 %	27.3 %	26.3 %	25.5 %
Surplus capital	n.a.	0.0 %	0.0 %	0.0 %	-8.6 %	-8.0 %	-4.9 %
Other equity components	n.a.	9.8 %	-6.3 %	-9.8 %	-4.5 %	-4.3 %	-4.1 %
Book value	n.a.	58.9 %	35.4 %	36.4 %	41.9 %	40.6 %	42.1 %
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 %**	**41.9 %**	**40.6 %**	**42.1 %**
Provision for pensions and similar obligations	n.a.	4.8 %	3.4 %	3.4 %	4.1 %	3.9 %	3.8 %
Provisions	n.a.	12.2 %	10.1 %	6.4 %	7.7 %	7.4 %	7.1 %
Financial liabilities	n.a.	3.1 %	21.5 %	20.7 %	20.1 %	19.4 %	18.7 %
Accounts payable	n.a.	10.4 %	13.2 %	12.6 %	8.2 %	11.2 %	11.4 %
Other liabilities	n.a.	15.3 %	20.0 %	23.9 %	22.3 %	21.4 %	20.7 %
Liabilities	**n.a.**	**41.0 %**	**64.7 %**	**63.6 %**	**58.2 %**	**59.4 %**	**57.9 %**
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	2005	2006	2007	2008	2009E	2010E	2011E
Net income	3.1	4.2	-19.9	-2.1	-4.8	0.2	1.7
Depreciation of fixed assets	2.5	0.7	0.8	1.1	0.6	0.9	0.9
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	2.9	2.1	2.5	2.7
Increase/decrease in long-term provisions	0.0	0.0	-1.2	-0.3	0.0	0.0	0.0
Other costs affecting income / expenses	0.0	-3.7	-0.7	5.1	0.3	0.0	0.0
Cash Flow	**5.6**	**4.1**	**-4.8**	**6.7**	**-1.8**	**3.6**	**5.3**
Increase / decrease in inventory	0.0	0.0	0.1	0.1	0.0	0.0	-0.1
Increase / decrease in accounts receivable	0.0	3.6	0.5	1.0	7.2	-3.1	-1.2
Increase / decrease in accounts payable	0.0	-0.5	2.2	-1.4	-3.7	1.9	0.3
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital	0.0	3.1	2.8	-0.4	3.4	-1.2	-1.0
Cash flow from operating activities	**5.6**	**7.2**	**-2.0**	**6.3**	**1.6**	**2.4**	**4.3**
CAPEX	0.0	-2.8	-2.8	-2.1	-2.7	-1.7	-1.8
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	0.0	0.4	0.0	0.0
Cash flow from investing activities	**0.0**	**-13.9**	**-9.6**	**-4.4**	**-2.5**	**-1.7**	**-1.8**
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	-0.4	-3.4	0.7	2.5
Effects of exchange rate changes on cash	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Liquid assets at end of period	**5.6**	**13.2**	**9.4**	**9.1**	**5.5**	**6.1**	**8.6**

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

Financial Ratios Brain Force Holding

	2005	2006	2007	2008	2009E	2010E	2011E
Operational Efficiency							
Total Operating Costs / Sales	93.9 %	94.8 %	27.8 %	22.2 %	23.9 %	22.0 %	21.0 %
Sales per Employee	n.a.	75,538	85,805	95,682	52,930	71,337	71,337
EBITDA per Employee	n.a.	5,559	302	7,032	-175	3,496	5,279
EBIT-margin	4.7 %	3.3 %	-17.0 %	3.6 %	-4.7 %	1.0 %	3.5 %
EBITDA / Operating Assets	n.a.	33.8 %	1.6 %	36.8 %	-1.1 %	21.0 %	31.7 %
ROA	n.a.	12.2 %	-63.3 %	-7.3 %	-16.8 %	0.6 %	6.8 %
Efficiency of Capital Employment							
Plant Turnover	n.a.	54.9	42.2	42.6	16.2	22.8	23.4
Operating Assets Turnover	n.a.	4.6	4.7	5.0	3.2	4.3	4.3
Capital Employed Turnover	n.a.	1.5	2.0	2.5	1.6	2.2	2.3
Return on Capital							
ROCE	n.a.	4.8 %	-30.2 %	8.4 %	-7.2 %	2.2 %	8.0 %
EBITDA / Avg. Capital Employed	n.a.	10.7 %	0.6 %	17.0 %	-0.5 %	11.0 %	17.0 %
ROE	n.a.	8.7 %	-75.8 %	-8.6 %	-20.6 %	0.7 %	6.8 %
Net Profit / Avg. Equity	n.a.	17.4 %	-53.6 %	-8.3 %	-20.2 %	0.7 %	7.0 %
Recurring Net Profit / Avg. Equity	n.a.	17.4 %	-53.6 %	-8.3 %	-20.2 %	0.7 %	7.0 %
ROIC	n.a.	6.7 %	-38.1 %	-4.7 %	-11.6 %	0.4 %	3.9 %
Solvency							
Net Debt	0.0	-11.0	6.5	4.9	5.8	5.1	2.6
Net Gearing	n.a.	-22.8 %	24.9 %	20.2 %	24.6 %	21.6 %	10.3 %
Book Value of Equity / Book Value of Debt	n.a.	1889.0 %	164.4 %	176.4 %	208.2 %	209.8 %	225.0 %
Current ratio	n.a.	2.1	1.5	1.4	1.4	1.4	1.6
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	5.3	0.0	6.1	9.7
Interest Cover	n.a.	30.7	n.a.	2.7	n.a.	1.2	4.6
Cash Flow							
Free Cash Flow	5.6	4.4	-4.8	4.2	-1.1	0.7	2.5
Free Cash Flow / Sales	7.3 %	5.0 %	-4.9 %	4.0 %	-1.8 %	0.8 %	2.7 %
Adj. Free Cash Flow	5.9	4.3	-1.9	5.8	-4.1	2.7	5.1
Adj. Free Cash Flow / Sales	3.9 %	2.2 %	-4.1 %	3.0 %	-5.5 %	2.3 %	3.9 %
Free Cash Flow / Net Profit	184.8 %	105.7 %	24.3 %	-201.5 %	22.7 %	391.7 %	145.4 %
Interest Received / Avg. Cash	n.a.	0.9 %	0.6 %	0.4 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	n.a.	8.7 %	8.5 %	10.0 %	4.8 %	6.2 %	6.2 %
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 %	2.0 %	4.4 %	1.9 %	2.0 %
Maint. Capex / Sales	3.2 %	2.5 %	2.3 %	1.9 %	4.2 %	1.8 %	1.8 %
Capex / Dep	0.0 %	76.3 %	15.7 %	53.0 %	101.3 %	49.9 %	50.4 %
Avg. Working Capital / Sales	0.0 %	20.0 %	18.5 %	17.6 %	27.6 %	18.2 %	18.5 %
Trade Creditors / Trade Debtors	n.a.	303.4 %	288.0 %	322.5 %	428.3 %	350.8 %	352.9 %
Inventory turnover (days)	n.a.	1.4	1.0	1.0	1.0	1.0	1.0
Receivables collection period (DSOs)	0.0	107	105	92.4	117	95.5	95.5
Payables collection period (days)	0.0	35.1	36.3	28.7	27.0	27.0	27.0
Cash conversion cycle (days)	n.a.	72.9	69.3	64.8	90.5	69.5	69.5
Valuation							
P/B	n.a.	0.4	0.7	0.7	0.8	0.8	0.7
EV/sales	0.3	0.3	0.3	0.2	0.4	0.3	0.2
EV/EBITDA	4.1	3.8	72.3	3.2	-127.1	5.9	3.3
EV/EBIT	7.0	8.6	-1.5	6.5	-8.9	28.9	7.1
EV/FCF	4.5	5.7	-5.2	5.9	-23.7	37.2	9.1
P/E	3.9	11.6	-0.9	-8.3	-3.7	116.0	10.5
P/CF	3.2	4.3	neg.	2.7	neg.	5.0	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	-4.8	0.2	1.7
+ Depreciation + Amortisation		2.5	3.6	17.0	4.0	2.7	3.4	3.6
- Net Interest Income		0.1	0.3	-1.2	-1.4	-0.6	-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
= Adjusted Free Cash Flow		**5.9**	**4.3**	**-1.9**	**5.8**	**-4.1**	**2.7**	**5.1**
Adjusted Free Cash Flow Yield		24%	17%	-08%	23%	-16%	11%	22%
Hurdle rate		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value		**25**	**25**	**25**	**25**	**26**	**25**	**23**
= Fair Enterprise Value		**59.5**	**42.7**	**-**	**58.1**	**-**	**27.0**	**51.1**
- Net Debt (Cash)		4.9	4.9	4.9	4.9	5.7	5.1	2.6
- 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
= Fair Market Capitalisation		**52.3**	**35.5**	**-**	**50.9**	**-**	**19.6**	**46.2**
No. of shares (m)		15.4	15.4	15.4	15.4	15.4	15.4	15.4
= Fair value per share (EUR)		**3.40**	**2.31**	**-**	**3.31**	**-**	**1.28**	**3.00**
premium (-) / discount (+) in %		193%	99%	-	185%	-	10%	159%
Sensitivity Fair value per Share (EUR)								
	13.0%	2.51	1.67	-	2.44	-	0.87	2.24
	12.0%	2.75	1.85	-	2.68	-	0.98	2.45
	11.0%	3.05	2.06	-	2.97	-	1.12	2.70
Hurdle rate	**10.0%**	**3.40**	**2.31**	**-**	**3.31**	**-**	**1.28**	**3.00**
	9.0%	3.83	2.62	-	3.73	-	1.47	3.37
	8.0%	4.37	3.00	-	4.25	-	1.71	3.83
	7.0%	5.06	3.50	-	4.93	-	2.03	4.43

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	61.7	87.3	91.7	96.2	101.1	106.1	111.4	117.0	119.9	122.9	126.0	129.1	132.4	135.7
Change	*-41.9%*	*41.5%*	*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	-2.9	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	*-4.7%*	*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%*	*33.0%*	*35.0%*	*38.0%*	*39.0%*
NOPAT	-2.9	0.9	2.2	3.0	3.2	3.3	3.5	3.7	3.8	3.9	3.8	3.8	3.7	3.7
Depreciation	2.7	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	*4.4%*	*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	03	-01	-01	00	-0.4	-0.4	-0.4	-0.4	0.1	0.1	0.2	0.2	0.2	-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	*4.4%*	*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	-0.2	-0.1
Free Cash Flow (WACC-Model)	01	01	03	03	2.8	3.0	3.1	3.3	3.9	4.0	4.0	4.0	3.7	3.2

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	20	Special items	0.9
Terminal Value	10.0		
Liabilities	-16.0		
Liquidity	8.8	No. of shares (mln)	15.39
Equity Value	**22**	**Value per share (EUR)**	**001**

Sensitivity Value per Share (EUR)

Terminal Growth

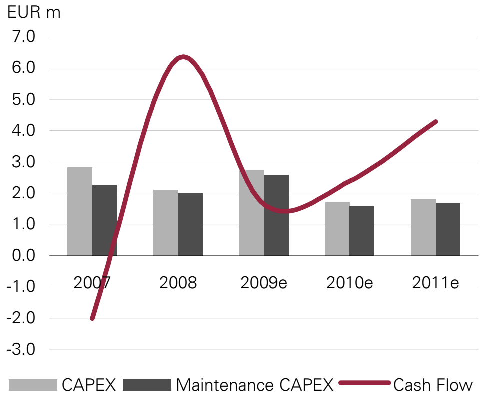
WACC	1.75%	2.00%	2.25%	**2.50%**	2.75%	3.00%	3.25%
11.56%	001	001	001	001	001	001	001
11.06%	001	001	001	001	001	001	001
10.81%	001	001	001	001	001	001	001
10.56%	001	001	001	**001**	001	001	002
10.31%	001	001	001	002	002	002	002
10.06%	002	002	002	002	002	002	002
9.56%	002	002	002	002	002	002	002

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%	001	001	001	001	001	002	002
11.06%	001	001	001	001	002	002	002
10.81%	001	001	001	001	002	002	002
10.56%	001	001	001	**001**	002	002	002
10.31%	001	001	001	002	002	002	002
10.06%	001	001	001	002	002	002	002
9.56%	001	001	001	002	002	002	003

Source: SES Research

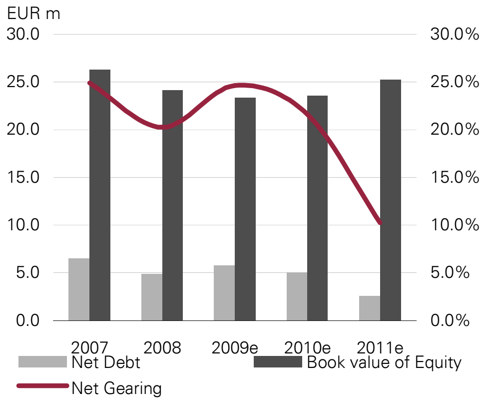
CAPEX and Cash Flow - Brain Force



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

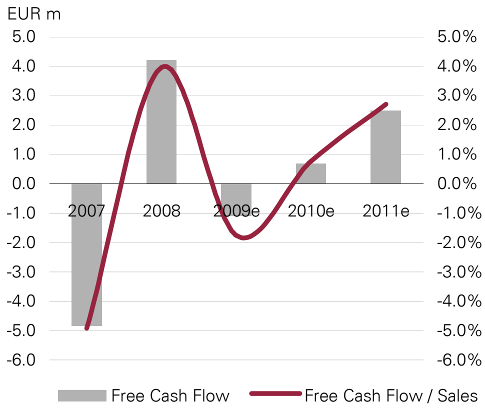
Balance Sheet Quality - Brain Force



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

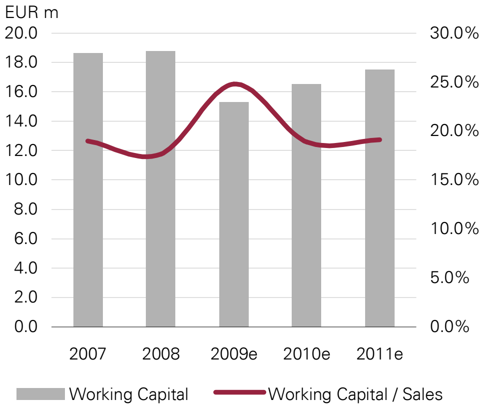
Free Cash Flow Generation - Brain Force



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

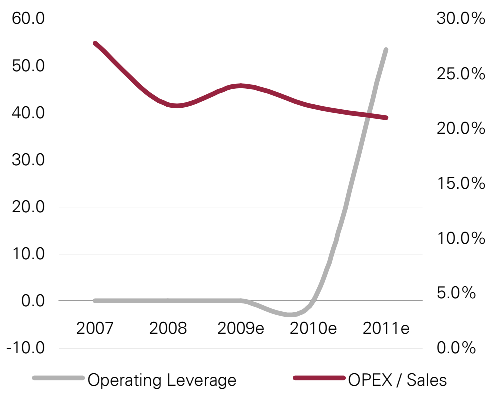
Working Capital - Brain Force



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

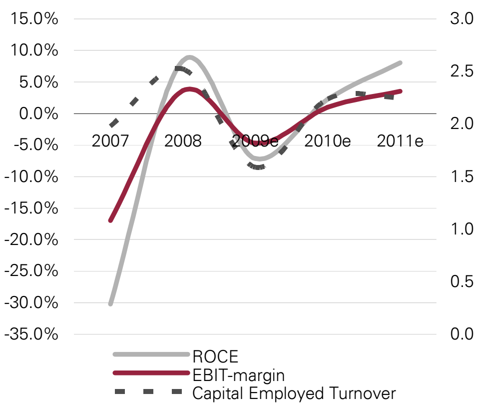
Operating Leverage - Brain Force



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.
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"-" **Rating suspended**: The available information does not currently permit an evaluation of the company.

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Buy	111	54%
Hold	58	28%
Sell	19	9%
Rating suspended	16	8%
Total	**204**	

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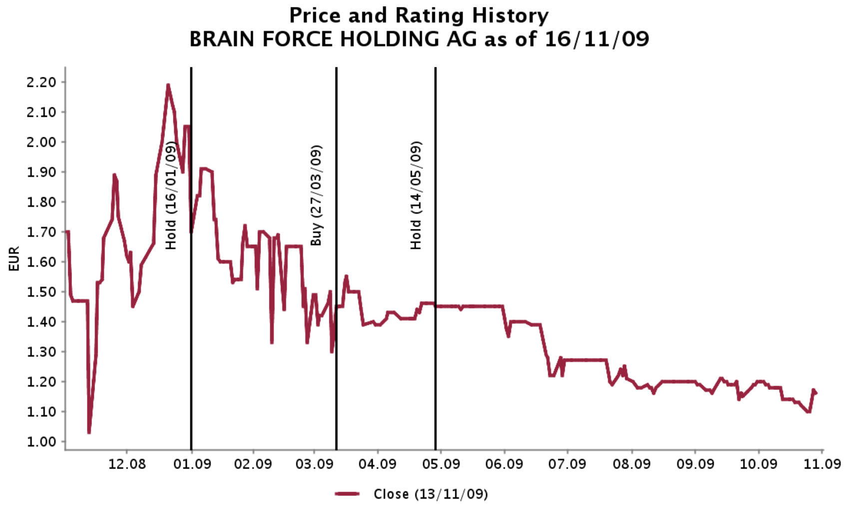
Rating	Number of stocks	% of Universe
Buy	75	60%
Hold	34	27%
Sell	5	4%
Rating suspended	11	9%
Total	**125**	



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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