

Buy (old: Hold)

PT EUR 1.70 (old: 2.10)

Price EUR 1.36
Bloomberg BFC AV
Reuters BFCG
Sector IT Services

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



Share data: 26.03.2009 / Closing price

Market cap: EUR 20.9 m
Enterprise Value (EV): EUR 26.8 m
Book value: EUR 23.3 m
No. of shares: 15.4 m
Trading volume Ø: EUR 0.0 m

Shareholders:
 BEKO Holding AG 53.9 %
 Free Float 34.9 %
 Erster Priv. Inv. Club Köln 11.9 %
 Cross Industries 0.6 %

Calendar:
 Figures Q1 05/12/2009
 AGM 05/14/2009
 Figures Q2 08/21/2009
 Figures Q3 11/10/2009

| Change | 2009E | | 2010E | | 2011E | |
|--------------|-------|-------|-------|-------|-------|---|
| | old | Δ | old | Δ | old | Δ |
| Sales | 105 | -9.2 | 112 | -13.7 | 105 | - |
| EBIT | 3.6 | -2.2 | 5.0 | -0.6 | 4.7 | - |
| EPS | 0.09 | -0.15 | 0.18 | -0.04 | 0.16 | - |

Analysis: SES Research
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Record earnings and cautious outlook

On March 27, 2009, Brain Force released the final results of FY 2008. They were ahead of expectations and are the best results in the 25 years of Brain Force's history. The company was successful on a broad base: All of the subsidiaries grew significantly and closed the year in the black.

Brain Force - 2008

| Figures in EUR m | 2008 | 2008e | 2007 | yoy |
|-------------------|-------|-------|-------|--------|
| Sales | 106.2 | 104.7 | 104.7 | 1.4 % |
| EBITDA | 7.8 | 7.1 | 7.1 | 9.6 % |
| <i>margin</i> | 7.3 % | 6.8 % | 6.8 % | |
| EBITA | 6.7 | 6.1 | 6.1 | 10.4 % |
| <i>margin</i> | 6.3 % | 5.8 % | 5.8 % | |
| EBIT | 3.8 | 3.4 | 3.4 | 14.7 % |
| <i>margin</i> | 3.6 % | 3.2 % | 3.2 % | |
| EPS in EUR | -0.14 | -0.10 | -0.10 | n.m. |

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

The (non cash-effective) depreciation of tax-loss carry-forwards was in line with expectations and reduces the net income. Merely the convertible bond of KEMP Technologies Inc. (New York), which the previous management board had subscribed to, was written off as a precaution and burdened the financial result with EUR 0.63 m. However, it is possible that KEMP – where negotiations are underway – will continue to pay interests in the wake of a prolongation and might be able to make a later repayment (at least partially). This would be an extraordinary gain for Brain Force.

The company expects a sales decline in 2009, but the generation of a positive operating result. Accordingly, the estimates (SES) are revised downwards once more. The conservative approach of the Brain Force managements in the IT market appears to be very reasonable from today's point of view in order to anticipate a downswing in the IT market.

The PT is reduced on the back of the new forecast. However, **the share is rated a Hold again** following the strong share price decline of the last few months due to the weak markets. The fair value is EUR 1.70 (2.10).

| Fiscal year ending: 31.12. | 2006 | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------------------------|--------|---------|--------|---------|--------|--------|
| Sales | 88.5 | 98.3 | 106 | 95.6 | 98.5 | 105 |
| <i>Change Sales yoy</i> | n.a. | 11.1 % | 8.0 % | -10.0 % | 3.0 % | 7.0 % |
| Gross balance | 24.6 | 19.3 | 27.4 | 22.0 | 24.6 | 26.3 |
| <i>Gross margin</i> | 27.8 % | 19.6 % | 25.8 % | 23.0 % | 25.0 % | 25.0 % |
| EBITDA | 6.5 | 0.3 | 7.8 | 5.2 | 8.3 | 8.8 |
| <i>EBITDA-margin</i> | 7.4 % | 0.4 % | 7.3 % | 5.4 % | 8.4 % | 8.4 % |
| EBIT | 2.9 | -16.7 | 3.8 | 1.3 | 4.4 | 4.7 |
| <i>EBIT-margin</i> | 3.3 % | -17.0 % | 3.6 % | 1.4 % | 4.5 % | 4.5 % |
| Net income | 4.2 | -19.9 | -2.1 | -0.9 | 2.1 | 2.4 |
| EPS | 0.30 | -1.29 | -0.14 | -0.06 | 0.14 | 0.16 |
| Free Cash Flow per share | 0.31 | -0.31 | 0.27 | 0.12 | 0.18 | 0.17 |
| Dividend | 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. |
| EV/Sales | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 |
| EV/EBITDA | 4.3 | 81.2 | 3.6 | 5.2 | 2.9 | 2.4 |
| EV/EBIT | 9.6 | -1.7 | 7.3 | 20.0 | 5.4 | 4.5 |
| PER | 4.5 | -1.1 | -9.7 | -22.7 | 9.7 | 8.5 |
| ROCE | 4.8 % | -30.2 % | 8.4 % | 3.2 % | 10.7 % | 10.9 % |
| Adj. Free Cash Flow Yield | 15.2 % | -6.8 % | 20.7 % | 8.7 % | 24.0 % | 29.7 % |

Per Share figures in EUR, other figures in EUR m., price: EUR 1.36

| Consolidated Profit & Loss Brain Force Holding | | | | | | |
|---|-------------|--------------|-------------|-------------|-------------|-------------|
| in EUR m | 2006 | 2007 | 2008 | 2009E | 2010E | 2011E |
| Sales | 88.5 | 98.3 | 106 | 95.6 | 98.5 | 105 |
| Cost of sales | 63.9 | 79.1 | 78.8 | 73.6 | 73.8 | 79.0 |
| Gross balance | 24.6 | 19.3 | 27.4 | 22.0 | 24.6 | 26.3 |
| Research and development | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Sales and marketing | 9.3 | 11.9 | 11.5 | 10.5 | 10.8 | 11.6 |
| General and administration | 12.2 | 14.2 | 11.0 | 10.1 | 9.4 | 10.0 |
| Other operating income/expenses | -0.2 | -1.2 | -1.1 | 0.0 | 0.0 | 0.0 |
| EBITDA | 6.5 | 0.3 | 7.8 | 5.2 | 8.3 | 8.8 |
| Depreciation of fixed assets | 0.7 | 0.8 | 1.1 | 1.0 | 1.0 | 1.1 |
| EBITA | 5.8 | -0.5 | 6.7 | 4.2 | 7.3 | 7.8 |
| Amortisation of intangible fixed assets | 2.9 | 7.6 | 2.9 | 2.9 | 2.9 | 3.1 |
| Impairment charges and amortisation of goodwill | 0.0 | 8.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 2.9 | -16.7 | 3.8 | 1.3 | 4.4 | 4.7 |
| 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 |
| Recurring pretax income from cont. operations | 3.2 | -17.9 | 2.4 | 0.5 | 3.7 | 4.0 |
| Extraordinary income/loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBT | 3.2 | -17.9 | 2.4 | 0.5 | 3.7 | 4.0 |
| Taxes total | -0.9 | 2.0 | 4.5 | 1.4 | 1.6 | 1.6 |
| Net income from continuing operations | 4.2 | -19.9 | -2.1 | -0.9 | 2.1 | 2.4 |
| Income from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income before minorities | 4.2 | -19.9 | -2.1 | -0.9 | 2.1 | 2.4 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | 4.2 | -19.9 | -2.1 | -0.9 | 2.1 | 2.4 |

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

| Consolidated Profit & Loss Brain Force Holding | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| in % of Sales | 2006 | 2007 | 2008 | 2009E | 2010E | 2011E |
| Sales | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Cost of sales | 72.2 % | 80.4 % | 74.2 % | 77.0 % | 75.0 % | 75.0 % |
| Gross balance | 27.8 % | 19.6 % | 25.8 % | 23.0 % | 25.0 % | 25.0 % |
| Research and development | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Sales and marketing | 10.5 % | 12.1 % | 10.9 % | 11.0 % | 11.0 % | 11.0 % |
| General and administration | 13.8 % | 14.5 % | 10.3 % | 10.6 % | 9.5 % | 9.5 % |
| Other operating income/expenses | -0.2 % | -1.2 % | -1.0 % | 0.0 % | 0.0 % | 0.0 % |
| EBITDA | 7.4 % | 0.4 % | 7.4 % | 5.4 % | 8.4 % | 8.4 % |
| Depreciation of fixed assets | 0.8 % | 0.8 % | 1.0 % | 1.0 % | 1.0 % | 1.0 % |
| EBITA | 6.5 % | -0.5 % | 6.3 % | 4.4 % | 7.4 % | 7.4 % |
| 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 % |
| EBIT | 3.3 % | -17.0 % | 3.6 % | 1.4 % | 4.5 % | 4.5 % |
| Interest income | 0.1 % | 0.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Interest expenses | 0.3 % | 0.8 % | 1.4 % | 0.8 % | 0.7 % | 0.7 % |
| Financial result | 0.4 % | -1.3 % | -1.4 % | -0.8 % | -0.7 % | -0.7 % |
| Recurring pretax income from cont. operations | 3.7 % | -18.2 % | 2.3 % | 0.6 % | 3.8 % | 3.8 % |
| Extraordinary income/loss | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| EBT | 3.7 % | -18.2 % | 2.3 % | 0.6 % | 3.8 % | 3.8 % |
| Taxes total | -1.1 % | 2.0 % | 4.2 % | 1.5 % | 1.6 % | 1.5 % |
| Net income from continuing operations | 4.7 % | -20.3 % | -2.0 % | -0.9 % | 2.2 % | 2.3 % |
| Income from discontinued operations (net of tax) | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income before minorities | 4.7 % | -20.3 % | -2.0 % | -0.9 % | 2.2 % | 2.3 % |
| Minority interest | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income | 4.7 % | -20.3 % | -2.0 % | -0.9 % | 2.2 % | 2.3 % |

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

Balance sheet Brain Force Holding

in EUR m

| | 2006 | 2007 | 2008 | 2009E | 2010E | 2011E |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Assets | | | | | | |
| Intangible assets | 31.8 | 28.9 | 25.8 | 24.0 | 22.1 | 20.1 |
| thereof other intangible assets | 10.5 | 13.1 | 11.3 | 9.5 | 7.6 | 5.6 |
| thereof Goodwill | 21.3 | 15.9 | 14.5 | 14.5 | 14.5 | 14.5 |
| Property, plant and equipment | 1.6 | 2.3 | 2.5 | 3.5 | 4.3 | 4.9 |
| Financial assets | 0.7 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Fixed assets | 34.1 | 31.4 | 28.5 | 27.7 | 26.6 | 25.2 |
| Inventories | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 |
| Accounts receivable | 25.9 | 28.2 | 26.9 | 24.1 | 24.8 | 26.6 |
| Other Assets | 7.7 | 5.0 | 1.9 | 1.9 | 1.9 | 1.9 |
| Liquid assets | 13.5 | 9.4 | 8.8 | 9.6 | 11.9 | 14.5 |
| Current assets | 47.5 | 42.9 | 37.8 | 35.9 | 38.9 | 43.3 |
| Total assets | 81.6 | 74.3 | 66.3 | 63.6 | 65.5 | 68.5 |
| Liabilities and shareholders' equity | | | | | | |
| 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 | -0.9 | 1.3 | 3.7 |
| Other equity components | 8.0 | -4.7 | -6.5 | -6.5 | -6.6 | -6.7 |
| Book value | 48.1 | 26.3 | 24.1 | 23.3 | 25.3 | 27.7 |
| Minority Interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total equity | 48.1 | 26.3 | 24.1 | 23.3 | 25.3 | 27.7 |
| 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 | 7.5 | 7.7 | 8.3 |
| Other liabilities | 12.4 | 14.8 | 15.9 | 12.4 | 12.4 | 12.4 |
| Liabilities | 33.5 | 48.1 | 42.2 | 37.4 | 37.1 | 37.7 |
| Total liabilities and shareholders equity | 81.6 | 74.3 | 66.3 | 60.7 | 62.4 | 65.4 |

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 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | |
| Intangible assets | 39.0 % | 38.9 % | 39.0 % | 37.7 % | 33.8 % | 29.3 % |
| thereof other intangible assets | 12.9 % | 17.6 % | 17.1 % | 14.9 % | 11.6 % | 8.1 % |
| thereof Goodwill | 26.1 % | 21.4 % | 21.9 % | 22.8 % | 22.2 % | 21.2 % |
| Property, plant and equipment | 2.0 % | 3.1 % | 3.8 % | 5.6 % | 6.5 % | 7.2 % |
| Financial assets | 0.9 % | 0.3 % | 0.3 % | 0.3 % | 0.3 % | 0.3 % |
| Fixed assets | 41.8 % | 42.3 % | 43.0 % | 43.6 % | 40.6 % | 36.7 % |
| Inventories | 0.4 % | 0.4 % | 0.3 % | 0.5 % | 0.5 % | 0.4 % |
| Accounts receivable | 31.7 % | 37.9 % | 40.6 % | 37.9 % | 37.9 % | 38.8 % |
| Other Assets | 9.5 % | 6.8 % | 2.9 % | 3.0 % | 2.9 % | 2.8 % |
| Liquid assets | 16.6 % | 12.7 % | 13.3 % | 15.1 % | 18.2 % | 21.2 % |
| Current assets | 58.2 % | 57.7 % | 57.0 % | 56.5 % | 59.4 % | 63.3 % |
| Total assets | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Liabilities and shareholders' equity | | | | | | |
| Subscribed capital | 18.9 % | 20.7 % | 23.2 % | 24.2 % | 23.5 % | 22.5 % |
| Additional paid-in capital | 30.3 % | 20.9 % | 23.0 % | 24.0 % | 23.3 % | 22.3 % |
| Surplus capital | 0.0 % | 0.0 % | 0.0 % | -1.4 % | 1.9 % | 5.4 % |
| Other equity components | 9.8 % | -6.3 % | -9.8 % | -10.2 % | -10.1 % | -9.8 % |
| Book value | 58.9 % | 35.4 % | 36.4 % | 36.6 % | 38.7 % | 40.4 % |
| Minority Interest | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Total equity | 58.9 % | 35.4 % | 36.4 % | 36.6 % | 38.7 % | 40.4 % |
| Provision for pensions and similar obligations | 4.8 % | 3.4 % | 3.4 % | 3.6 % | 3.5 % | 3.3 % |
| Provisions | 12.2 % | 10.1 % | 6.4 % | 6.7 % | 6.5 % | 6.2 % |
| Financial liabilities | 3.1 % | 21.5 % | 20.7 % | 20.8 % | 19.4 % | 18.6 % |
| Accounts payable | 10.4 % | 13.2 % | 12.6 % | 11.8 % | 11.8 % | 12.1 % |
| Other liabilities | 15.3 % | 20.0 % | 23.9 % | 19.5 % | 19.0 % | 18.1 % |
| Liabilities | 41.0 % | 64.7 % | 63.6 % | 58.8 % | 56.6 % | 55.0 % |
| Total liabilities and shareholders equity | 100.0 % | 100.0 % | 100.0 % | 95.4 % | 95.3 % | 95.5 % |

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 | -0.9 | 2.1 | 2.4 |
| Depreciation of fixed assets | 0.7 | 0.8 | 1.1 | 1.0 | 1.0 | 1.1 |
| 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 | 2.9 | 2.9 | 3.1 |
| 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 |
| Cash Flow | 4.1 | -4.8 | 6.7 | 3.0 | 6.0 | 6.5 |
| Increase / decrease in inventory | 0.0 | 0.1 | 0.1 | -0.1 | 0.0 | 0.0 |
| Increase / decrease in accounts receivable | 3.6 | 0.5 | 1.0 | 2.8 | -0.7 | -1.8 |
| Increase / decrease in accounts payable | -0.5 | 2.2 | -1.4 | -0.8 | 0.2 | 0.6 |
| 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 | 1.8 | -0.5 | -1.2 |
| Cash flow from operating activities | 7.2 | -2.0 | 6.3 | 4.8 | 5.5 | 5.3 |
| CAPEX | -2.8 | -2.8 | -2.1 | -3.0 | -2.7 | -2.7 |
| Payments for acquisitions | -11.2 | -6.9 | -2.3 | -0.5 | 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 | 0.0 | 0.0 | 0.0 |
| Cash flow from investing activities | -13.9 | -9.6 | -4.4 | -3.5 | -2.7 | -2.7 |
| 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 |
| Cash flow from financing activities | 8.7 | 7.8 | -2.3 | -0.5 | -0.5 | 0.0 |
| Change in liquid funds | 2.1 | -3.8 | -0.4 | 0.8 | 2.3 | 2.6 |
| Effects of exchange rate changes on cash | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liquid assets at end of period | 13.2 | 9.4 | 9.1 | 9.6 | 11.9 | 14.5 |

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

Financial Ratios Brain Force Holding

| | 2006 | 2007 | 2008 | 2009E | 2010E | 2011E |
|---|----------|---------|----------|----------|---------|---------|
| Operational Efficiency | | | | | | |
| Total Operating Costs / Sales | 24.5 % | 27.8 % | 22.2 % | 21.6 % | 20.5 % | 20.5 % |
| Sales per Employee | 75,538 | 85,805 | 95,682 | 82,013 | 80,451 | 81,983 |
| EBITDA per Employee | 5,557 | 302 | 7,032 | 4,429 | 6,758 | 6,887 |
| EBIT-margin | 3.3 % | -17.0 % | 3.6 % | 1.4 % | 4.5 % | 4.5 % |
| EBITDA / Operating Assets | 33.8 % | 1.6 % | 36.8 % | 25.3 % | 38.2 % | 37.7 % |
| ROA | 12.2 % | -63.3 % | -7.3 % | -3.1 % | 8.0 % | 9.7 % |
| Efficiency of Capital Employment | | | | | | |
| Plant Turnover | 54.9 | 42.2 | 42.6 | 27.0 | 23.2 | 21.5 |
| Operating Assets Turnover | 4.6 | 4.7 | 5.0 | 4.7 | 4.5 | 4.5 |
| Capital Employed Turnover | 1.5 | 2.0 | 2.5 | 2.3 | 2.3 | 2.4 |
| Return on Capital | | | | | | |
| ROCE | 4.8 % | -30.2 % | 8.4 % | 3.2 % | 10.7 % | 10.9 % |
| EBITDA / Avg. Capital Employed | 10.7 % | 0.6 % | 17.0 % | 12.5 % | 19.9 % | 20.4 % |
| ROE | 8.7 % | -75.8 % | -8.6 % | -3.7 % | 8.4 % | 8.8 % |
| Net Profit / Avg. Equity | 17.4 % | -53.6 % | -8.3 % | -3.6 % | 8.8 % | 9.2 % |
| Recurring Net Profit / Avg. Equity | 17.4 % | -53.6 % | -8.3 % | -3.6 % | 8.8 % | 9.2 % |
| ROIC | 6.7 % | -38.1 % | -4.7 % | -2.0 % | 4.7 % | 5.2 % |
| Solvency | | | | | | |
| Net Debt | -11.0 | 6.5 | 4.9 | 3.6 | 0.8 | -1.8 |
| Net Gearing | -22.8 % | 24.9 % | 20.2 % | 15.4 % | 3.2 % | -6.6 % |
| Book Value of Equity / Book Value of Debt | 1889.0 % | 164.4 % | 176.4 % | 176.2 % | 199.1 % | 217.6 % |
| Current ratio | 2.1 | 1.5 | 1.4 | 1.6 | 1.7 | 1.9 |
| Acid Test Ratio | 1.4 | 1.2 | 1.2 | 1.3 | 1.4 | 1.6 |
| EBITDA / Interest Paid | 29.5 | 0.4 | 5.3 | 6.5 | 11.8 | 12.6 |
| Interest Cover | 30.7 | n.a. | 2.7 | 1.7 | 6.3 | 6.8 |
| Cash Flow | | | | | | |
| Free Cash Flow | 4.4 | -4.8 | 4.2 | 1.8 | 2.8 | 2.6 |
| Free Cash Flow / Sales | 5.0 % | -4.9 % | 4.0 % | 1.9 % | 2.8 % | 2.5 % |
| Adj. Free Cash Flow | 4.3 | -1.9 | 5.8 | 2.3 | 5.8 | 6.3 |
| Adj. Free Cash Flow / Sales | 2.2 % | -4.1 % | 3.0 % | 0.1 % | 3.5 % | 3.8 % |
| Free Cash Flow / Net Profit | 105.7 % | 24.3 % | -201.5 % | -209.5 % | 130.0 % | 108.5 % |
| 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 % |
| Fund Management | | | | | | |
| Investment ratio | 3.1 % | 2.7 % | 2.0 % | 3.1 % | 2.7 % | 2.6 % |
| Maint. Capex / Sales | 2.5 % | 2.3 % | 1.9 % | 3.0 % | 2.6 % | 2.4 % |
| Capex / Dep | 76.3 % | 15.7 % | 53.0 % | 78.5 % | 70.3 % | 65.7 % |
| Avg. Working Capital / Sales | 20.0 % | 18.5 % | 17.6 % | 18.6 % | 17.4 % | 17.1 % |
| Trade Creditors / Trade Debtors | 303.4 % | 288.0 % | 322.5 % | 321.3 % | 322.1 % | 320.5 % |
| 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 |
| Valuation | | | | | | |
| P/B | 0.4 | 0.8 | 0.9 | 0.9 | 0.8 | 0.8 |
| EV/sales | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 |
| EV/EBITDA | 4.3 | 81.2 | 3.6 | 5.2 | 2.9 | 2.4 |
| EV/EBIT | 9.6 | -1.7 | 7.3 | 20.0 | 5.4 | 4.5 |
| EV/FCF | 6.4 | -5.8 | 6.7 | 14.8 | 8.7 | 8.1 |
| P/E | 4.5 | -1.1 | -9.7 | -22.7 | 9.7 | 8.5 |
| P/CF | 5.1 | neg. | 3.1 | 7.1 | 3.5 | 3.2 |

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 | 0.0 | 4.2 | -19.9 | -2.1 | -0.9 | 2.1 | 2.4 | |
| + Depreciation + Amortisation | 0.0 | 3.6 | 17.0 | 4.0 | 3.8 | 3.8 | 4.1 | |
| - Net Interest Income | 0.0 | 0.3 | -1.2 | -1.4 | -0.8 | -0.7 | -0.7 | |
| + Taxes | 0.0 | -0.9 | 2.0 | 4.5 | 1.4 | 1.6 | 1.6 | |
| - Maintenance Capex | 0.0 | 2.2 | 2.3 | 2.0 | 2.8 | 2.5 | 2.5 | |
| + Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| = Adjusted Free Cash Flow | 0.0 | 4.3 | -1.9 | 5.8 | 2.3 | 5.8 | 6.3 | |
| Adjusted Free Cash Flow Yield | 0.0% | 15.2% | -6.8% | 20.7% | 8.7% | 24.0% | 29.7% | |
| Hurdle rate | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | |
| = Enterprise Value | 28.1 | 28.1 | 28.1 | 28.1 | 26.8 | 24.0 | 21.4 | |
| = Fair Enterprise Value | - | 42.7 | - | 58.1 | 23.4 | 57.6 | 63.4 | |
| - Net Debt (Cash) | 4.9 | 4.9 | 4.9 | 4.9 | 3.6 | 0.8 | -1.8 | |
| - 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 | - | 35.5 | - | 50.9 | 17.6 | 54.5 | 62.9 | |
| No. of shares (m) | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 | |
| = Fair value per share (EUR) | - | 2.31 | - | 3.31 | 1.14 | 3.54 | 4.09 | |
| premium (-) / discount (+) in % | - | 69.7% | - | 143.4% | -16.1% | 160.5% | 200.8% | |
| Sensitivity Fair value per Share (EUR) | | | | | | | | |
| | 13.0% | - | 1.67 | - | 2.44 | 0.79 | 2.68 | 3.14 |
| | 12.0% | - | 1.85 | - | 2.68 | 0.89 | 2.92 | 3.40 |
| | 11.0% | - | 2.06 | - | 2.97 | 1.00 | 3.20 | 3.72 |
| Hurdle rate | 10.0% | - | 2.31 | - | 3.31 | 1.14 | 3.54 | 4.09 |
| | 9.0% | - | 2.62 | - | 3.73 | 1.31 | 3.96 | 4.55 |
| | 8.0% | - | 3.00 | - | 4.25 | 1.52 | 4.48 | 5.12 |
| | 7.0% | - | 3.50 | - | 4.93 | 1.79 | 5.15 | 5.86 |

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 | 95.6 | 98.5 | 105.3 | 110.6 | 116.1 | 122.0 | 128.0 | 134.5 | 137.8 | 141.3 | 144.8 | 148.4 | 152.1 | 155.9 |
| Change | -10.0% | 3.0% | 7.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| EBIT | 1.3 | 4.4 | 4.7 | 5.0 | 5.2 | 5.5 | 5.8 | 6.1 | 6.2 | 6.4 | 6.5 | 6.7 | 6.8 | 7.0 |
| EBIT-Margin | 1.4% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% |
| Tax rate | 260.1% | 42.9% | 39.6% | 39.0% | 39.0% | 39.0% | 39.0% | 39.0% | 39.0% | 39.0% | 39.0% | 39.0% | 39.0% | 39.0% |
| NOPAT | -2.1 | 2.5 | 2.9 | 3.0 | 3.2 | 3.3 | 3.5 | 3.7 | 3.8 | 3.9 | 4.0 | 4.1 | 4.2 | 4.3 |
| Depreciation | 3.8 | 3.8 | 4.1 | 2.7 | 2.8 | 2.9 | 2.6 | 2.7 | 2.8 | 2.8 | 2.9 | 3.0 | 3.0 | 3.1 |
| in % of Sales | 4.0% | 3.9% | 3.9% | 2.4% | 2.4% | 2.4% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Change in Liquidity from | | | | | | | | | | | | | | |
| - Working Capital | 1.8 | -0.5 | -1.2 | 0.2 | 0.2 | 0.3 | 0.4 | -2.7 | -0.5 | -0.5 | -0.5 | -0.5 | -0.6 | -0.6 |
| - Capex | -3.0 | -2.7 | -2.7 | -2.2 | -2.3 | -2.4 | -2.6 | -2.7 | -2.8 | -2.8 | -2.9 | -3.0 | -3.0 | -3.1 |
| Capex in % of Sales | 3.1% | 2.7% | 2.6% | 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 | 0.0 |
| Free Cash Flow (WACC-Model) | 0.5 | 3.2 | 3.1 | 3.7 | 3.9 | 4.1 | 3.9 | 1.0 | 3.3 | 3.4 | 3.4 | 3.5 | 3.6 | 3.7 |

Model parameter

| | | | |
|----------------|--------|-----------------|--------|
| Debt ratio | 10.00% | Beta | 1.50 |
| Costs of Debt | 7.0% | WACC | 10.69% |
| Market return | 9.00% | | |
| Risk free rate | 4.25% | Terminal Growth | 2.50% |

Valuation (mln)

| | | | |
|----------------------|-------------|------------------------------|-------------|
| Present values 2022e | 22.0 | | |
| Terminal Value | 11.3 | | |
| Liabilities | -16.0 | | |
| Liquidity | 8.8 | No. of shares (mln) | 15.39 |
| Equity Value | 26.1 | Value per share (EUR) | 1.70 |

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

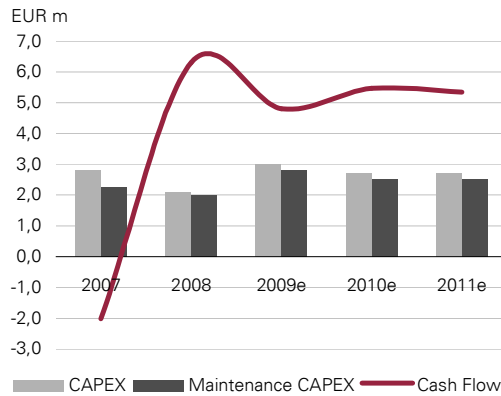
| WACC | 1.75% | 2.00% | 2.25% | 2.50% | 2.75% | 3.00% | 3.25% |
|---------------|-------|-------|-------|--------------|-------|-------|-------|
| 11.69% | 1.42 | 1.44 | 1.45 | 1.46 | 1.48 | 1.50 | 1.52 |
| 11.19% | 1.52 | 1.54 | 1.56 | 1.57 | 1.59 | 1.61 | 1.64 |
| 10.94% | 1.58 | 1.59 | 1.61 | 1.63 | 1.65 | 1.68 | 1.70 |
| 10.69% | 1.64 | 1.65 | 1.67 | 1.70 | 1.72 | 1.74 | 1.77 |
| 10.44% | 1.70 | 1.72 | 1.74 | 1.76 | 1.79 | 1.82 | 1.84 |
| 10.19% | 1.76 | 1.78 | 1.81 | 1.83 | 1.86 | 1.89 | 1.92 |
| 9.69% | 1.90 | 1.93 | 1.96 | 1.99 | 2.03 | 2.06 | 2.10 |

Delta EBIT-margin

| WACC | -1.5 pp | -1.0 pp | -0.5 pp | 0.0 | +0.5 pp | +1.0 pp | +1.5 pp |
|---------------|---------|---------|---------|-------------|---------|---------|---------|
| 11.69% | 0.94 | 1.12 | 1.29 | 1.46 | 1.64 | 1.81 | 1.99 |
| 11.19% | 1.01 | 1.20 | 1.39 | 1.57 | 1.76 | 1.95 | 2.14 |
| 10.94% | 1.05 | 1.24 | 1.44 | 1.63 | 1.83 | 2.02 | 2.22 |
| 10.69% | 1.09 | 1.29 | 1.49 | 1.70 | 1.90 | 2.10 | 2.31 |
| 10.44% | 1.13 | 1.34 | 1.55 | 1.76 | 1.98 | 2.19 | 2.40 |
| 10.19% | 1.17 | 1.39 | 1.61 | 1.83 | 2.06 | 2.28 | 2.50 |
| 9.69% | 1.27 | 1.51 | 1.75 | 1.99 | 2.23 | 2.47 | 2.71 |

Source: SES Research

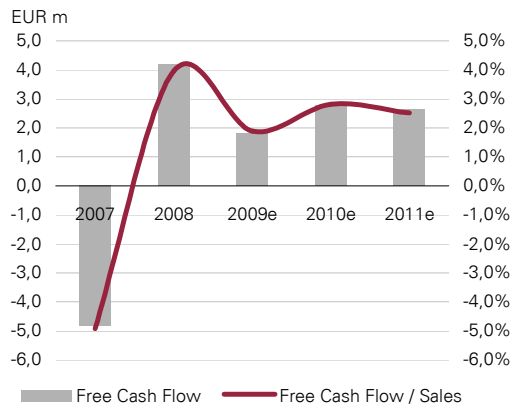
Brain Force - CAPEX and Cash Flow



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

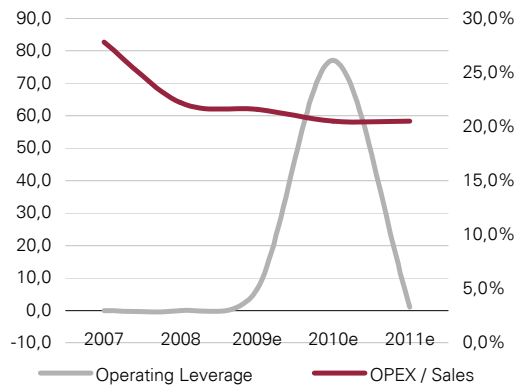
Brain Force - Free Cash Flow Generation



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

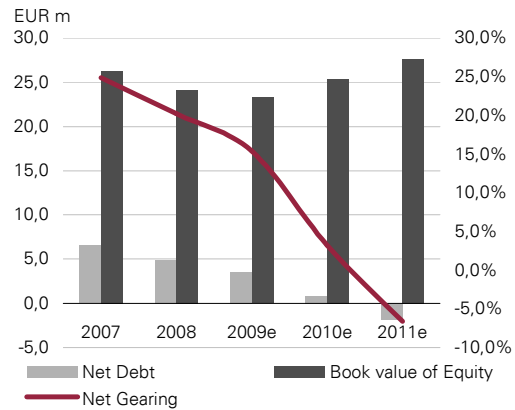
Brain Force - Operating Leverage



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

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

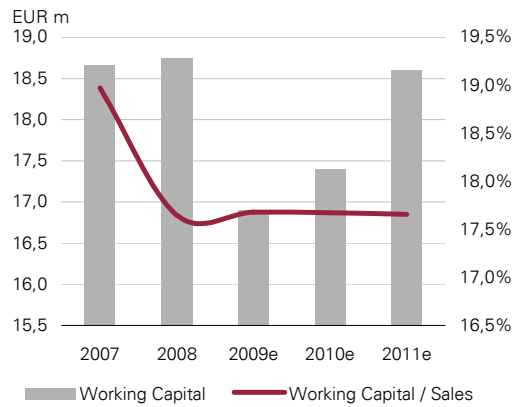
Brain Force - Balance Sheet Quality



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

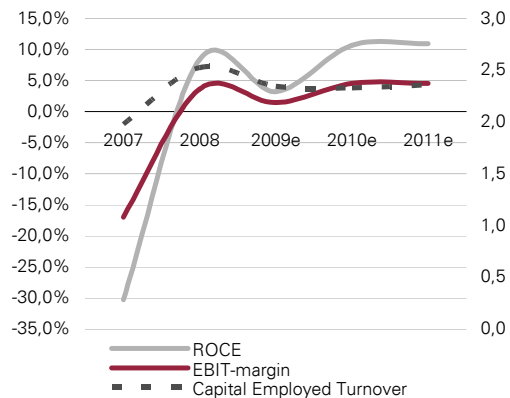
Brain Force - Working Capital



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

Brain Force - ROCE Development



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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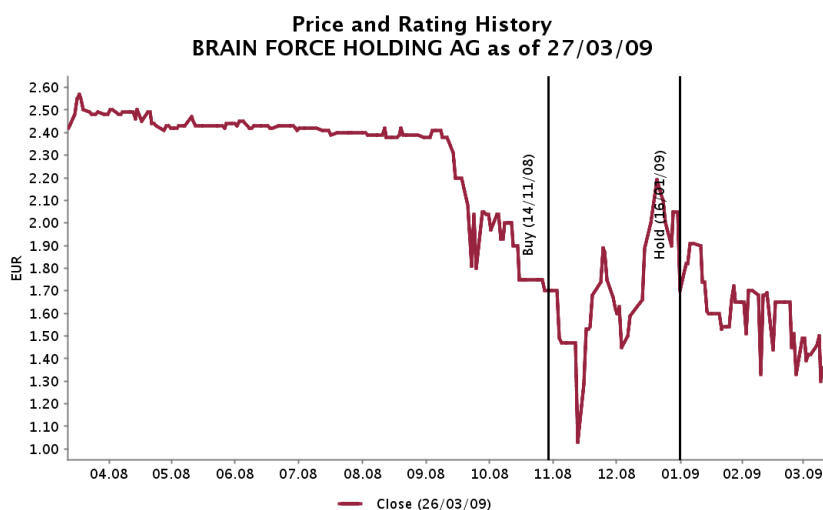
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| Buy | 112 | 55% |
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| Sell | 21 | 10% |
| Rating suspended | 9 | 4% |
| Total | 205 | |

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|------------------|------------------|---------------|
| Buy | 77 | 62% |
| Hold | 35 | 28% |
| Sell | 6 | 5% |
| Rating suspended | 6 | 5% |
| Total | 124 | |



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