



Advanced Inflight Alliance

Buy

Media / Inflight Entertainment

Share price: €1.73

Target price: €4.70

08 April 2009

DAX index	4,323
Market cap. (€mn / \$mn)	25.5 / 33.9
Free float (€mn / %)	19.8 / 72.8
12 Month High / Low (€)	2.08 / 1.18
Daily trading volume	200,000
2008 annual report	30 April 2009
Bloomberg / Reuters	DVNI GR / DVNGk.F

31/12 (€mn)	2007	2008e	2009e	2010e
Sales	88.5	107.4	106.3	109.5
EBITDA	5.7	13.9	11.0	12.0
EBIT	3.8	9.9	7.0	8.0
Net income	3.7	6.8	4.2	5.0

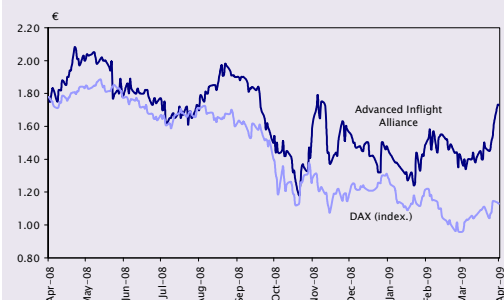
(€)	2007	2008e	2009e	2010e
EPS	0.24	0.46	0.29	0.34
CFPS	0.36	0.73	0.56	0.62
BVPS	1.81	2.09	2.22	2.37
FCFPS	0.16	0.77	0.50	0.57
Dividend	0.00	0.08	0.08	0.08

(%)	2007	2008e	2009e	2010e
EBITDA margin	6.5	13.0	10.4	11.0
EBIT margin	4.3	9.3	6.6	7.3
Dividend yield	0.0	6.1	4.6	4.6

(x)	2007	2008e	2009e	2010e
P/E	8.7	3.7	6.0	5.1
P/E rel. DAX	0.6	0.4	0.5	0.4
P/CF	5.7	2.3	3.1	2.8
P/BV	1.1	0.8	0.8	0.7
EV/sales	0.2	0.1	0.1	0.1
EV/EBITDA	2.6	0.5	1.0	0.8
EV/EBIT	3.9	0.7	1.6	1.2

Main shareholders	%
Axxion	5.9
Lars Tvede	5.1

Performance (%)	-1M	-3M	-12M
Absolute	21.0	18.5	12.3
Relative to DAX	3.1	30.9	31.2



Source: Thomson Financial Datastream

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Net income more than doubled

Strong 2008, EBIT on all-time high

Advanced Inflight Alliance reported strong preliminary FY2008 results on the back of the first time consolidation of DTI Software and Fairdeal Multimedia, ongoing international passenger growth and a rigorous opex control.

Revenues of €107.4mn (+21% YoY) significantly exceed management guidance of €99.1mn (+12% YoY) and were backed by strong demand for inflight entertainment and – to a lesser extent – a change in revenue recognition (IAS 8). In Q4/08, Advanced Inflight Alliance reported revenues of €30.9mn, up 36.1% compared to the corresponding period 2007.

EBIT more than doubled to €9.9mn from €3.8mn in 2007, exceeding our forecast by 15.7%, backed by opex control and currency gains, since the earn-out clause the DTI acquisition had been negotiated in CAD. Net income came in at €6.8mn, up from €3.7mn in 2007 (+83.8%). Tax ratio climbed to 26.4% which is quite unsatisfying since Advanced Inflight Alliance should benefit from tax loss carry-forwards of more than €63mn. However, management claims to bring down tax rate this year again.

2008 reported vs. Viscardi estimates

		Reported	eViscardi	Δ
Revenues	€mn	107,4	99,1	8,4%
YoY	%	21,4%	12,0%	940bps
EBIT	€mn	9,9	8,6	15,7%
in % of revenues	%	9,3%	8,7%	60bps
Net income	€mn	6,8	5,9	15,8%
EPS	€	0,46	0,40	15,8%

Sources: Advanced Inflight Alliance, Viscardi

Dividend payment for FY2008 expected

No specific dividend statement was given in the preliminary report. In several interviews, however, CEO Dauer mentioned a dividend proposal of €0.08 per share could be reasonable for FY2008. Since the dividend could be paid out tax free, this would result in a net yield of 4.6%.

Change of our estimates

We are upgrading our FY2009 EPS forecasts by 20.8% to €0.29 from €0.24, mainly reflecting the stronger than expected results last quarter, Advanced Inflight Alliance's expansion into India and a significant cut of AIA's tax ratio. Furthermore, we are introducing FY2010 estimates, with EPS of 0.34. We do not incorporate any M&A activities which, according to the management, should be expected in H1/09. As capital strength remains a main topic in our universe we view the net cash position of Advanced Inflight Alliance of €8.0mn (y/e 2008) as a further key attraction.

Please note the additional information on the last pages.

We reiterate our Buy recommendation, PT €5.50

Currently, Advanced Inflight Alliance trades at 0.9x 2009e EBITDA and 6.0x 2009e P/E. We derive our price target from a blend of our proprietary ROCE methodology (50%) and a standardized three-stage DCF model (50%). Our ROCE methodology is based on WACC of 11.2% (Rf 3.0%, Rp 5.0%, beta 1.8, target equity ratio 50%) and NOPAT for 2009e and 2010e of €7.4mn and €8.1mn, respectively. Applying a 25% small caps discount to reflect low liquidity of the shares, our value-added analysis suggests a 12-month target price of €4.60 per share.

In our standardized three-stage DCF methodology, we apply a detailed planning period until FY2010 and a second rough planning phase, which ends in FY2012. During the second phase, we have assumed that Advanced Inflight Alliance will succeed in slightly improve key performance indicators. For calculation of the terminal value, we assume that Advanced Inflight Alliance will subsequently reach a steady-state course of growth (g 1.5%). Adding the present value of AIA's tax loss carry-forward, our price target comes to €4.80 per share.

Our 12-month price target of €4.70 implies 171% potential downside. At our price target, Advanced Inflight Alliance would trade on a 2010e EV/EBIT of 6.3x, which is equivalent to AIA's long-run average (2004-2008).

Investment risks

Risks relate to an ongoing negative news flow, the cyclicity of the airline industry – whose overall market sentiment cannot fail to impact the Advanced Inflight Alliance share –, FX volatility and a delay in the company's M&A plans.

Consolidated income statement

IFRS (31/12)		2003	2004	2005	2006	2007	2008e	2009e	2010e
Sales	€mn	1.0	14.8	25.9	64.2	88.5	107.4	106.3	109.5
<i>YoY</i>	<i>%</i>	<i>-90.2%</i>	<i>1445.3%</i>	<i>74.2%</i>	<i>148.1%</i>	<i>37.9%</i>	<i>21.4%</i>	<i>-1.0%</i>	<i>3.0%</i>
Material expenses	€mn	0.0	-10.9	-18.0	-43.9	-63.6	-70.9	-70.9	-72.3
<i>in % of total sales</i>	<i>%</i>	<i>-3.0%</i>	<i>-73.2%</i>	<i>-69.7%</i>	<i>-68.4%</i>	<i>-71.9%</i>	<i>-66.0%</i>	<i>-66.7%</i>	<i>-66.0%</i>
Gross margin	€mn	0.9	4.0	7.8	20.3	24.9	36.5	35.4	37.2
<i>in % of total sales</i>	<i>%</i>	<i>97.0%</i>	<i>26.8%</i>	<i>30.3%</i>	<i>31.6%</i>	<i>28.1%</i>	<i>34.0%</i>	<i>33.3%</i>	<i>34.0%</i>
Other operating income	€mn	1.0	1.5	1.2	2.9	1.9	4.3	2.0	2.0
<i>in % of total sales</i>	<i>%</i>	<i>103.1%</i>	<i>10.4%</i>	<i>4.7%</i>	<i>4.5%</i>	<i>2.1%</i>	<i>4.0%</i>	<i>1.9%</i>	<i>1.8%</i>
Personnel expenses	€mn	-0.6	-2.0	-3.2	-9.5	-12.4	-15.1	-15.3	-15.4
<i>in % of total sales</i>	<i>%</i>	<i>-66.0%</i>	<i>-13.2%</i>	<i>-12.5%</i>	<i>-14.8%</i>	<i>-14.0%</i>	<i>-14.1%</i>	<i>-14.3%</i>	<i>-14.1%</i>
Depreciation and amortization	€mn	-10.1	-1.1	-0.6	-3.5	-1.9	-4.0	-4.0	-4.1
<i>in % of total sales</i>	<i>%</i>	<i>-1054.5%</i>	<i>-7.4%</i>	<i>-2.3%</i>	<i>-5.4%</i>	<i>-2.1%</i>	<i>-3.7%</i>	<i>-3.8%</i>	<i>-3.7%</i>
Other operating expenses	€mn	-1.3	-2.2	-3.0	-6.2	-8.6	-11.8	-11.2	-11.8
<i>in % of total sales</i>	<i>%</i>	<i>-132.8%</i>	<i>-14.8%</i>	<i>-11.6%</i>	<i>-9.6%</i>	<i>-9.7%</i>	<i>-11.0%</i>	<i>-10.5%</i>	<i>-10.8%</i>
Operating profit	€mn	-10.1	0.3	2.2	4.0	3.8	9.9	7.0	8.0
<i>in % of total sales</i>	<i>%</i>	<i>-1053.2%</i>	<i>1.8%</i>	<i>8.6%</i>	<i>6.2%</i>	<i>4.3%</i>	<i>9.3%</i>	<i>6.6%</i>	<i>7.3%</i>
<i>YoY</i>	<i>%</i>	<i>102.8%</i>	<i>-102.6%</i>	<i>734.9%</i>	<i>81.2%</i>	<i>-4.7%</i>	<i>160.3%</i>	<i>-29.9%</i>	<i>14.2%</i>
Financial income	€mn	0.0	0.0	0.1	1.0	0.9	0.3	0.3	0.3
Financial expenses	€mn	-0.3	0.0	-0.2	-0.7	-0.6	-1.0	-2.0	-2.0
EBT	€mn	-10.4	0.2	2.1	4.3	4.2	9.3	5.3	6.3
<i>in % of total sales</i>	<i>%</i>	<i>-1083.5%</i>	<i>1.7%</i>	<i>8.3%</i>	<i>6.7%</i>	<i>4.7%</i>	<i>8.6%</i>	<i>5.0%</i>	<i>5.7%</i>
Taxes	€mn	0.0	-0.5	-0.6	-0.6	-0.5	-2.5	-1.1	-1.3
<i>in % of EBT</i>	<i>%</i>	<i>0.0%</i>	<i>-219.8%</i>	<i>-28.6%</i>	<i>-13.2%</i>	<i>-11.0%</i>	<i>-26.4%</i>	<i>-20.0%</i>	<i>-20.0%</i>
Net income before minorities	€mn	-10.4	-0.3	1.5	3.7	3.7	6.8	4.2	5.0
<i>in % of total sales</i>	<i>%</i>	<i>-1083.3%</i>	<i>-2.0%</i>	<i>5.9%</i>	<i>5.8%</i>	<i>4.2%</i>	<i>6.4%</i>	<i>4.0%</i>	<i>4.6%</i>
Minorities	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary result	€mn	0.0	4.5	0.0	0.0	0.0	0.0	0.0	0.0
Net income	€mn	-10.4	4.2	1.5	3.7	3.7	6.8	4.2	5.0
Number of shares	mn	12.63	8.08	8.95	15.41	15.54	14.75	14.75	14.75
EPS	€	-0.82	0.52	0.17	0.24	0.24	0.46	0.29	0.34

Consolidated income statement (quarterly reports 2009)

IFRS (31/12)		Q1/2009e	Q2/2009e	H1/2009e	Q3/2009e	9M/2009e	Q4/2009e	2009e
Sales	€mn	23.8	26.0	49.8	26.0	75.7	30.6	106.3
<i>YoY</i>	%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Material expenses	€mn	-16.5	-17.2	-33.7	-15.9	-49.6	-21.3	-70.9
<i>in % of total sales</i>	%	-69.4%	-66.1%	-67.7%	-61.3%	-65.5%	-69.6%	-66.7%
Gross margin	€mn	7.3	8.8	16.1	10.1	26.1	9.3	35.4
<i>in % of total sales</i>	%	30.6%	33.9%	32.3%	38.7%	34.5%	30.4%	33.3%
Other operating income	€mn	0.5	0.5	1.0	0.5	1.5	0.5	2.0
<i>in % of total sales</i>	%	2.1%	1.9%	2.0%	1.9%	2.0%	1.6%	1.9%
Personnel expenses	€mn	-3.8	-4.0	-7.9	-3.6	-11.5	-3.7	-15.3
<i>in % of total sales</i>	%	-16.2%	-15.5%	-15.8%	-14.0%	-15.2%	-12.3%	-14.3%
Depreciation and amortization	€mn	-0.7	-0.7	-1.4	-0.8	-2.2	-1.8	-4.0
<i>in % of total sales</i>	%	-3.0%	-2.8%	-2.9%	-2.9%	-2.9%	-6.0%	-3.8%
Other operating expenses	€mn	-2.3	-2.9	-5.2	-3.3	-8.5	-2.7	-11.2
<i>in % of total sales</i>	%	-9.6%	-11.2%	-10.4%	-12.7%	-11.2%	-8.7%	-10.5%
Operating profit	€mn	0.9	1.6	2.6	2.9	5.4	1.5	7.0
<i>in % of total sales</i>	%	3.9%	6.3%	5.2%	11.0%	7.2%	5.0%	6.6%
<i>YoY</i>	%	-28.2%	-29.3%	-28.9%	-29.8%	-29.4%	-31.6%	-29.9%
Financial income	€mn	0.1	0.1	0.2	0.1	0.3	0.1	0.3
Financial expenses	€mn	-0.5	-0.5	-1.0	-0.5	-1.5	-0.5	-2.0
EBT	€mn	0.5	1.2	1.8	2.4	4.2	1.1	5.3
<i>in % of total sales</i>	%	2.2%	4.7%	3.5%	9.4%	5.5%	3.7%	5.0%
Taxes	€mn	-0.1	-0.2	-0.4	-0.5	-0.8	-0.2	-1.1
<i>in % of EBT</i>	%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%
Net income before minorities	€mn	0.4	1.0	1.4	1.9	3.4	0.9	4.2
<i>in % of total sales</i>	%	1.8%	3.8%	2.8%	7.5%	4.4%	2.9%	4.0%
Minorities	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary result	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	€mn	0.4	1.0	1.4	1.9	3.4	0.9	4.2
Number of shares	mn	14.75	14.75	14.75	14.75	14.75	14.75	14.75
EPS	€	0.03	0.07	0.10	0.13	0.23	0.06	0.29

Balance sheet

IFRS (31/12)		2003	2004	2005	2006	2007	2008e	2009e	2010e
ASSETS									
Intangibles Assets	€mn	6.7	9.2	9.4	20.4	18.5	18.5	18.5	18.5
Software and other rights	€mn	0.0	0.1	5.6	4.2	3.2	2.5	2.4	2.4
Goodwill	€mn	0.0	3.4	2.4	11.2	11.1	11.2	11.1	11.1
Film assets	€mn	6.7	5.7	0.0	0.0	0.0	0.0	0.0	0.0
other intangible assets	€mn	0.0	0.0	1.4	5.0	4.2	4.8	5.0	5.0
Property, plant and equipment	€mn	0.0	0.1	0.1	2.3	2.2	2.5	2.7	2.7
Financial assets	€mn	0.0	0.0	2.5	2.5	0.1	2.4	2.4	2.4
Receivables	€mn	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Deferred taxes	€mn	0.0	0.0	0.7	1.7	1.8	1.5	1.5	1.5
Non-current assets, total	€mn	6.8	9.3	12.7	26.9	22.7	25.0	25.2	25.2
<i>in % of total assets</i>	<i>%</i>	<i>0.6</i>	<i>52.3%</i>	<i>56.1%</i>	<i>35.2%</i>	<i>35.3%</i>	<i>33.9%</i>	<i>33.3%</i>	<i>32.0%</i>
Receivables and other assets	€mn	0.4	1.8	2.0	16.5	17.0	23.3	23.5	24.5
Inventories	€mn	0.0	2.0	1.1	0.9	0.8	0.7	0.8	0.8
Cash	€mn	0.1	4.2	6.8	14.8	19.0	19.6	20.8	23.0
Accruals and deferrals	€mn	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
deferred taxes	€mn	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Current claim on drawback	€mn	0.0	0.0	0.0	0.3	0.5	0.3	0.4	0.4
Other financial assets	€mn	0.0	0.0	0.0	17.1	4.4	4.8	5.0	5.0
Current assets, total	€mn	4.2	8.5	9.9	49.6	41.6	48.7	50.4	53.6
Total assets	€mn	10.9	17.9	22.5	76.6	64.4	73.7	75.6	78.9
LIABILITIES									
Subscribed capital	€mn	1.8	8.1	9.3	16.2	14.8	14.8	14.8	14.8
Reserves	€mn	52.6	0.0	0.7	7.1	8.3	6.8	6.8	6.8
Revenue reserves	€mn	0.0	0.0	1.6	5.3	5.8	9.8	11.7	13.9
Currency item	€mn	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
Profit	€mn	-58.0	-0.4	0.0	0.0	0.0	0.0	0.0	0.0
Other accumulated equity	€mn	0.0	0.0	0.1	-0.5	-0.8	-0.6	-0.6	-0.6
Minorities	€mn	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Equity, total	€mn	0.0	7.4	11.7	28.3	28.1	30.8	32.7	35.0
Equity ratio	<i>%</i>	<i>0.0</i>	<i>0.4</i>	<i>0.5</i>	<i>0.4</i>	<i>0.4</i>	<i>0.4</i>	<i>0.4</i>	<i>0.4</i>
Minorities	€mn	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Bank debt	€mn	0.0	0.0	0.0	0.4	2.1	2.6	2.5	2.5
Other liabilities	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes	€mn	0.0	0.0	0.7	2.9	2.0	2.5	2.4	2.4
Non-current liabilities, total	€mn	0.0	0.0	0.7	3.3	4.1	5.1	4.9	4.9
Bank debt	€mn	8.5	3.7	3.9	17.2	4.5	4.0	4.2	4.2
Trade payables	€mn	1.2	3.7	3.7	21.6	22.8	24.8	25.0	26.0
Accrued taxes	€mn	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0
Other accruals	€mn	0.9	1.2	1.1	0.5	0.1	0.1	0.0	0.0
Advance payment on order	€mn	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	€mn	0.2	0.6	0.5	4.9	3.5	8.1	8.0	8.0
Liabilities against associated companies	€mn	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Accruals and deferrals	€mn	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Currant tax liabilities	€mn	0.0	0.0	0.9	0.6	1.2	0.7	0.8	0.8
Current liabilities, total	€mn	10.9	10.5	10.1	44.8	32.1	37.8	38.0	39.0
Liabilities, total	€mn	10.9	17.9	22.5	76.6	64.4	73.7	75.6	78.9

Cash flow Statement

IFRS (31/12)		2003	2004	2005	2006	2007	2008e	2009e	2010e
Net income	€mn	-10.1	0.2	1.5	3.7	3.7	6.8	4.2	5.0
Depreciation	€mn	10.1	1.1	0.6	3.5	1.9	4.0	4.0	4.1
Other operational adjustments	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit before Δ working capital	€mn	0.0	1.3	2.1	7.2	5.6	10.8	8.3	9.1
<i>YoY</i>	%	-99.9%	n/m	58%	238%	-22%	94%	-23%	10%
Δ Accruals	€mn	-1.1	1.1	-0.9	-0.6	-0.4	0.0	-0.1	0.0
Δ Inventories, receivables and other assets	€mn	9.2	-3.6	1.0	-14.4	-0.4	-6.3	-0.3	-1.0
Δ Liabilities and other liabilities	€mn	-4.3	3.2	-0.4	22.3	-0.2	6.6	0.1	1.0
Interest payment	€mn	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary result	€mn	0.0	4.5	0.0	0.0	0.0	0.0	0.0	0.0
Drawback last year	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Δ deferred taxes	€mn	0.0	0.0	0.4	1.2	-1.1	0.8	0.0	0.0
Other cash-item changes	€mn	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Other operational adjustments	€mn	-4.2	-3.0	0.6	-13.4	0.0	0.0	0.0	0.0
Operating cash flow	€mn	-0.7	3.5	2.8	2.3	3.6	11.9	7.9	9.1
<i>YoY</i>	%	-185.0%	n/m	-18%	-20%	56%	235%	-33%	15%
Payments from tangibles assets	€mn	-0.3	-0.1	-0.1	-0.6	-0.2	0.0	0.0	0.0
Payments from financial assets	€mn	0.0	-1.5	0.0	-5.3	0.0	0.0	0.0	0.0
Payouts for investments in film assets	€mn	0.0	0.0	-0.2	-0.7	-0.9	-0.5	-0.6	-0.7
Payments from selling company division	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payouts for investments in participations	€mn	0.0	0.0	-2.4	0.0	0.0	0.0	0.0	0.0
Payments from non-current cash	€mn	0.0	0.0	0.0	-16.9	0.0	0.0	0.0	0.0
Cash flow from investing	€mn	-0.3	-1.6	-2.7	-23.5	-1.0	-0.5	-0.6	-0.7
<i>YoY</i>	%	-648.1%	n/m	65%	773%	-96%	-50%	20%	20%
Free Cash flow	€mn	-0.9	1.8	0.1	-21.2	2.6	11.4	7.3	8.4
<i>YoY</i>	%	-214.3%	n/m	-92%	n/m	-112%	348%	-36%	14%
Payments from capital increase	€mn	0.0	7.1	1.9	13.3	-0.2	-1.5	0.0	0.0
Δ Bank debt	€mn	-15.6	-4.9	0.2	13.6	-10.9	0.0	0.1	0.0
Currency differences capital consolidation	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operational adjustments	€mn	16.6	0.0	0.2	2.3	11.0	-7.5	-6.3	-6.2
Financing cash flow	€mn	1.0	2.2	2.4	29.3	-0.1	-9.1	-6.2	-6.2
<i>YoY</i>	%	-323.5%	n/m	5%	n/m	-100%	9545%	-32%	0%
Changes of cash flow due to exchange rate	€mn	0.0	0.0	0.2	-0.1	0.0	0.0	0.0	0.0
Net cash inflow	€mn	0.1	4.1	2.5	8.0	2.5	2.3	1.2	2.2
Net cash opening balance	€mn	0.0	0.1	4.1	6.8	14.8	17.2	19.6	20.8
Effect from selling company division	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operational adjustments	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash closing balance	€mn	0.1	4.2	6.8	14.8	17.2	19.6	20.8	23.0

Economic Profit model

		2003	2004	2005	2006	2007	2008e	2009e	2010e
Tangible assets	€mn	0.0	0.1	0.1	2.3	2.2	2.5	2.7	2.7
Intangible assets	€mn	6.7	9.2	9.4	20.4	18.5	18.5	18.5	18.5
Net working capital	€mn	-0.9	0.0	-1.0	-7.1	-6.4	-4.1	-4.2	-4.2
Discounted Operate Leases	€mn	0.2	0.2	0.3	0.2	0.2	0.1	0.1	0.1
Capital employed before Goodwill	€mn	6.1	9.5	8.8	15.8	14.5	17.0	17.2	17.2
Goodwill	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital employed after Goodwill	€mn	6.1	9.5	8.8	15.8	14.5	17.0	17.2	17.2
<i>y-o-y</i>	%	3.4%	57.1%	-7.9%	80.4%	-8.1%	17.0%	1.0%	0.0%
EBITDA	€mn	0.0	1.4	2.8	7.5	5.7	13.9	11.0	12.0
Amortisations	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	€mn	0.0	1.4	2.8	7.5	5.7	13.9	11.0	12.0
Adjustments	€mn	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
pension reserves	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
operating leases	€mn	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Net operating profit	€mn	0.1	1.4	2.9	7.5	5.7	14.0	11.0	12.1
Adjusted taxes	€mn	0.0	-0.5	-1.0	-2.5	-1.9	-4.6	-3.7	-4.0
Taxes	€mn	0.0	-0.5	-0.9	-2.5	-1.9	-4.6	-3.6	-4.0
Adjustments	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted tax ratio	%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%
Net operating profit less adjusted taxes	€mn	0.0	0.9	1.9	5.0	3.8	9.4	7.4	8.1
Price high	€	2.92	1.73	2.55	2.37	2.99	2.08		
Price low	€	0.39	0.50	1.46	1.55	1.28	1.18		
Price average	€	1.36	1.19	1.99	1.91	2.07	1.72	1.73	1.73
Nr. Shares	mn	12.6	8.1	8.9	15.4	15.5	14.7	14.7	14.7
Market cap. high	€mn	36.9	14.0	22.8	36.5	46.5	30.7	0.0	0.0
Market cap. low	€mn	4.9	4.0	13.1	23.9	19.9	17.4	0.0	0.0
Market cap. average	€mn	17.2	9.6	17.8	29.4	32.2	25.4	25.5	25.5
Net debt	€mn	8.4	-0.5	-2.9	2.8	-12.3	-13.0	-14.1	-16.3
Pension reserves	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	€mn	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Enterprise Value high	€mn	45.3	13.5	19.9	39.5	34.1	17.7		
Enterprise Value low	€mn	13.3	3.5	10.2	26.8	7.6	4.4		
Enterprise Value average	€mn	25.6	9.1	14.9	32.4	19.8	12.4	11.5	9.2
EV/CE average	x	4.2	1.0	1.7	2.0	1.4	0.7	0.7	0.5
ROCE/WACC	x	0.0	0.9	2.1	3.3	2.6	5.2	3.8	4.2
Fair Value	€	-0.65	1.07	2.43	3.18	3.23	6.89	5.43	6.00
Discount	%	-25%	-25%	-25%	-25%	-25%	-25%	-25%	-25%
Price target	€	-0.49	0.80	1.82	2.38	2.42	5.17	4.07	4.50

DCF model								
		2009e	2010e	2011e	2012e	2013e	2014e	2015e
EBIT	€mn	7.0	8.0	7.8	7.6	9.2	9.2	9.1
Taxes	€mn	-2.3	-2.6	-2.6	-2.5	-3.0	-3.0	-3.0
<i>Potential tax rate</i>	%	<i>33.0%</i>	<i>33.0%</i>	<i>33.0%</i>	<i>33.0%</i>	<i>33.0%</i>	<i>33.0%</i>	<i>33.0%</i>
NOPAT	€mn	4.7	5.3	5.2	5.1	6.1	6.2	6.1
<i>in % of revenues</i>	%	<i>4.4%</i>	<i>4.9%</i>	<i>4.7%</i>	<i>4.4%</i>	<i>5.4%</i>	<i>5.4%</i>	<i>5.4%</i>
Depreciation	€mn	4.0	4.1	3.3	2.1	1.2	0.6	0.3
Growth NWC	€mn	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Investments	€mn	-0.6	-0.7	-0.6	-2.1	-1.2	-0.6	-0.3
Minorities	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash flow	€mn	8.2	8.8	8.0	5.1	6.2	6.2	6.2
<i>in % of revenues</i>	%	<i>7.7%</i>	<i>8.0%</i>	<i>7.1%</i>	<i>4.5%</i>	<i>5.4%</i>	<i>5.4%</i>	<i>5.4%</i>
Present value FCF	€mn	8.2	7.9	6.4	3.7	4.1	3.7	3.3
Present value terminal value	€mn	42.6						
<i>Share of terminal value in equity value</i>	%	<i>45.2%</i>						
Present value of FCF	€mn	26.3						
<i>Share of FCF in equity value</i>	%	<i>27.9%</i>						
Enterprise value	€mn	68.9						
Net Debt	€mn	12.3						
Pension reserves	€mn	0.0						
Minorities	€mn	0.0						
Present value of loss carry forwards	€mn	13.0						
Total value of equity	€mn	94.2						
Discount	%	-25.0%						
Number of shares	mn	14.7						
Fair value per share	€	4.80						

Key figures

		2003	2004	2005	2006	2007	2008e	2009e	2010e
Key data									
Sales	€mn	1.0	14.8	25.9	64.2	88.5	107.4	106.3	109.5
Gross profit	€mn	0.9	4.0	7.8	20.3	24.9	36.5	35.4	37.2
EBITDA	€mn	0.0	1.4	2.8	7.5	5.7	13.9	11.0	12.0
EBIT	€mn	-10.1	0.3	2.2	4.0	3.8	9.9	7.0	8.0
EBT	€mn	-10.4	0.2	2.1	4.3	4.2	9.3	5.3	6.3
Net income	€mn	-10.4	4.2	1.5	3.7	3.7	6.8	4.2	5.0
Nr. of employees		8	43	42	195	219	350	350	350
Per Share data									
Price high	€	2.92	1.73	2.55	2.37	2.99	2.08		
Price low	€	0.39	0.5	1.46	1.55	1.28	1.18		
Price average	€	1.36	1.19	1.99	1.91	2.07	1.72		
Price last	€	1.56	0.5	1.69	1.98	1.75	1.32	1.73	1.73
EPS	€	-0.82	0.52	0.17	0.24	0.24	0.46	0.29	0.34
CFPS	€	0.00	0.17	0.24	0.47	0.36	0.73	0.56	0.62
BVPS	€	0.00	0.92	1.31	1.83	1.81	2.09	2.22	2.37
FCFPS	€	-0.07	0.23	0.02	-1.38	0.16	0.77	0.50	0.57
Dividend	€	0.00	0.00	0.00	0.00	0.00	0.08	0.08	0.08
Price target	€								4.70
Performance to price target	%								171.7%
Profitability ratios									
EBITDA margin	%	1.3%	9.2%	10.9%	11.7%	6.5%	13.0%	10.4%	11.0%
EBIT margin	%	-1053.2%	1.8%	8.6%	6.2%	4.3%	9.3%	6.6%	7.3%
Pretax margin	%	-1083.5%	1.7%	8.3%	6.7%	4.7%	8.6%	5.0%	5.7%
Net margin	%	-1083.3%	28.3%	5.9%	5.8%	4.2%	6.4%	4.0%	4.6%
FCF margin	%	-97.8%	12.3%	0.5%	-33.1%	2.9%	10.6%	6.9%	7.7%
ROE	%	n/a	56.8%	13.1%	13.1%	13.2%	22.1%	13.0%	14.4%
ROCE	%	0.4%	9.7%	21.7%	31.8%	26.4%	55.0%	43.0%	47.0%
CE/Sales	%	630.4%	64.1%	33.9%	25%	16%	16%	16%	16%
NWC/Sales	%	-93.6%	0.2%	-3.8%	-11.1%	-7.2%	-3.8%	-3.9%	-3.8%
Sales per capita	€mn	0.120	0.345	0.616	0.329	0.404	0.307	0.304	0.313
EBIT per head	€k	-1264.7	6.2	52.7	20.6	17.4	28.4	19.9	22.7
DSO	d	131.4	43.5	22.3	76.1	63.5	67.0	67.7	69.0
Growth ratios									
Sales	%	-90.3%	326.6%	96.7%	159.2%	22.7%	46.7%	-2.9%	5.1%
EBITDA	%	-99.9%	n/a	106.4%	166.8%	-23.9%	144.2%	-21.0%	9.3%
EBIT	%	102.8%	n/a	734.9%	81.2%	-4.7%	160.3%	-29.9%	14.2%
EBT	%	52.8%	n/a	767.2%	99.5%	-2.4%	122.4%	-42.8%	18.3%
Net income	%	79.7%	n/a	-63.6%	141.9%	0.0%	84.3%	-37.8%	18.3%
EPS	%	155.6%	n/a	-67.1%	40.4%	-0.8%	94.1%	-37.8%	18.3%
CFPS	%	-99.8%	n/a	43.1%	96.1%	-22.9%	103.9%	-23.5%	9.9%

Key figures (cont.)

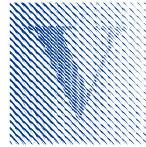
		2003	2004	2005	2006	2007	2008e	2009e	2010e
Balance sheet ratios									
Non-current assets, total	€mn	6.8	9.3	12.7	26.9	22.7	25.0	25.2	25.2
Current assets, total	€mn	4.2	8.5	9.9	49.6	41.6	48.7	50.4	53.6
Equity	€mn	0.0	7.4	11.7	28.3	28.1	30.8	32.7	35.0
Liabilities	€mn	10.9	10.5	10.8	48.1	36.2	42.8	42.9	43.9
Intensity of investments	%	0.0	32.5%	0.3%	3.1%	3.5%	3.4%	3.6%	3.4%
Equity ratio	%	0.0%	41.4%	52.0%	37.0%	43.7%	41.9%	43.3%	44.3%
Gearing	%	n/a	-6.8%	-24.8%	9.8%	-43.8%	-42.1%	-43.0%	-46.6%
Working Capital	€mn	-0.9	0.0	-1.0	-7.1	-6.4	-4.1	-4.2	-4.2
Capital Employed	€mn	6.1	9.5	8.8	15.8	14.5	17.0	17.2	17.2
Enterprise Value									
Nr. of shares	mn	12.6	8.1	8.9	15.4	15.5	14.7	14.7	14.7
Market cap. high	€mn	36.9	14.0	22.8	36.5	46.5	30.7		
Market cap. low	€mn	4.9	4.0	13.1	23.9	19.9	17.4		
Market cap. average	€mn	17.2	9.6	17.8	29.4	32.2	25.4		
Market cap. last	€mn	19.7	4.0	15.1	30.5	27.2	19.5	25.5	25.5
Net debt	€mn	8.4	-0.5	-2.9	2.8	-12.3	-13.0	-14.1	-16.3
Pension reserves	€mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	€mn	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Enterprise Value	€mn	28.1	3.5	12.2	33.4	14.9	6.5	11.5	9.2
Valuation ratios									
EV/sales	x	29.3	0.24	0.47	0.52	0.17	0.06	0.11	0.08
EV/EBITDA	x	2235.4	2.6	4.3	4.5	2.6	0.5	1.0	0.8
EV/EBIT	x	-2.8	13.3	5.5	8.3	3.9	0.7	1.6	1.2
P/E	x	-1.7	2.3	11.6	7.9	8.7	3.7	6.0	5.1
P/CF	x	1365.5	7.2	8.4	4.1	5.7	2.3	3.1	2.8
P/BV	x	n/a	1.3	1.5	1.0	1.1	0.8	0.8	0.7
FCF yield	%	-4.8%	45.3%	0.9%	-69.6%	9.4%	58.7%	28.8%	32.9%
Payout ratio	%	0.0%	0.0%	0.0%	0.0%	0.0%	17.3%	27.8%	23.5%
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%	6.1%	4.6%	4.6%
Economic Value Added									
WACC	%	12.6%	11.3%	10.1%	9.7%	10.2%	10.6%	11.2%	11.2%
ROCE/WACC	%	0.0	0.9	2.1	3.3	2.6	5.2	3.8	4.2
EV/CE	x	4.2	1.0	1.7	2.0	1.4	0.7	0.7	0.5
Cash flow									
Cash flow from Operations	€mn	-0.7	3.5	2.8	2.3	3.6	11.9	7.9	9.1
Cash flow from Investments	€mn	-0.3	-1.6	-2.7	-23.5	-1.0	-0.5	-0.6	-0.7
Free Cash flow	€mn	-0.9	1.8	0.1	-21.2	2.6	11.4	7.3	8.4
Cash flow from Financing	€mn	1.0	2.2	2.4	29.3	-0.1	-9.1	-6.2	-6.2

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08 April 2009	4,70	Buy	1

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Investment Recommendations (12 months investment period)

Buy: We expect a stock to rise by at least 20% and outperform the benchmark by over 10%.

Buy: We expect a stock to move within 10% of the benchmark.

Sell: We expect a stock to fall by at least 20% and underperform the benchmark.

The benchmark for the stocks analysed in this publication is the DAX.

An overview on the allocation of VISCARDI's investment recommendations is available under <http://www2.viscardi.com/index.php?id=researchdisclaimer>.

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