

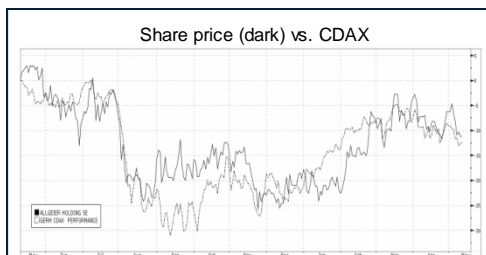
Recommendation: **BUY** (BUY) Risk: **MEDIUM** (MEDIUM) Price target: **EUR 19.00** (19.00)

10 May 2012

EBITDA growth in 1Q more than twice as high as sales growth

Increased PPA amortisations do not affect cash flows but will continue to burden EBIT

- **Strong sales growth continued:** In 1Q 2012, sales grew by 11.2% YOY to EUR 92.7m (1Q 2011: EUR 83.4m). A breakdown into organic and external growth has not been reported.
- **Earnings came up to our expectations:** EBITDA increased in 1Q from EUR 4.9m to EUR 6.1m (+23.6% YOY). Operating EBITA showed a growth of 20.9%, reaching EUR 5.2m. We focus on EBITDA and EBITA as increased PPA amortisations will continue to have a distortive effect on EBIT but do not affect cash flows. In comparison to 1Q 2011, total depreciation and amortisation almost doubled, amounting to EUR 3.3m in 1Q 2012 (PY: EUR 1.7m). EBIT, net income and EPS were therefore somewhat below the previous year's levels (see table on page 2). However, cash flow from operating activities before changes in working capital increased from EUR 4.4m in 1Q 2011 to EUR 6.0m in 1Q 2012.
- **CBSR estimates remain unchanged:** 1Q sales have reached 21.1% of our estimate for the full year 2012. As from 2Q, the newly acquired SKYTEC AG (first consolidation in April) as well as AX Solutions GmbH (first consolidation in March) will additionally contribute to Group sales. We currently have no doubt that Allgeier will achieve our sales and earnings estimates, even though a significant increase in the Group's EBIT margin will be necessary in the coming quarters. We continue to expect Allgeier to maintain its strong organic and external growth but nevertheless to increase margins during the next years.
- **Recommendation:** On basis of an unchanged price target of EUR 19.00, we maintain our **BUY** recommendation.



Source: CBS Research, Bloomberg, Allgeier Holding SE

Change	2012E		2013E		2014E	
	new	old	new	old	new	old
Sales	-	439.8	-	484.2	-	523.0
EBITDA	-	28.4	-	33.4	-	35.9
EPS	-	1.18	-	1.52	-	1.85

Internet: www.allgeier.com Sector: Software/IT services
WKN: 508630 ISIN: DE0005086300
Reuters: AEIG.DE Bloomberg: AEI GY

Short company profile:

Allgeier Holding SE, headquartered in Munich, is one of the leading IT consultancy and service companies in the German-speaking countries. With their units IT Solutions, IT Services & Recruiting, and Project Solutions, Allgeier offers a comprehensive range of services from the initial concept through implementation to the operation of IT landscapes. Allgeier's operational subsidiaries have >2,500 employees as well as >1,400 freelance experts serving some 3,000 customers in virtually all sectors.

Share data:

Share price (EUR, latest closing price):	11.60
Shares outstanding (m):	8.4
Market capitalisation (EUR m):	97.3
Enterprise value (EUR m):	118.8
Ø daily trading volume (3 m., no. of shares):	11,542

Performance data:

High 52 weeks (EUR):	14.21
Low 52 weeks (EUR):	9.26
Absolute performance (12 months):	-13.9%
Relative performance vs. CDAX:	
1 month	-4.9%
3 months	4.9%
6 months	-7.9%
12 months	3.6%

Shareholders:

Supervisory Board & Management Board:	42%
Own shares:	7%
Institutional investors:	9%
Other free float:	42%

Financial calendar:

AGM:	15 June 2012
1H report:	11 August 2012

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Y/E Dec 31, EUR m	2009	2010	2011	2012E	2013E	2014E
Sales	223.5	308.7	378.8	439.8	484.2	523.0
EBITDA	14.4	18.1	22.3	28.4	33.4	35.9
EBITA	12.8	15.6	19.0	24.6	28.3	31.8
EBIT	8.0	11.0	12.0	18.3	22.3	26.3
Net result	5.2	8.3	4.4	10.0	12.9	15.7
Basic EPS	0.60	0.99	0.52	1.18	1.52	1.85
Adjusted EPS	0.98	1.18	1.27	1.70	2.02	2.30
CPS	1.36	0.85	2.34	2.06	2.65	2.96
DPS	0.50	0.50	0.50	0.50	0.50	0.50
EBITDA margin	6.5%	5.9%	5.9%	6.5%	6.9%	6.9%
EBITA margin	5.7%	5.1%	5.0%	5.6%	5.9%	6.1%
EBIT margin	3.6%	3.6%	3.2%	4.2%	4.6%	5.0%
EV/EBITDA	8.2	6.6	5.3	4.2	3.6	3.3
EV/EBIT	14.8	10.8	9.9	6.5	5.3	4.5
P/E	19.5	11.7	22.2	9.8	7.6	6.3

Source: CBS Research AG, Allgeier Holding AG

Quarterly figures (YOY comparison)

	IFRS	EURm	1Q 2012	1Q 2011	Change
Sales			92.7	83.4	11.2%
Total output			98.4	86.7	13.5%
Gross profit			44.9	35.3	27.2%
as % of total output			45.7%	40.7%	
EBITDA			6.1	4.9	23.6%
as % of sales			6.6%	5.9%	
Operating EBITA*			5.2	4.3	20.9%
as % of sales			5.6%	5.2%	
EBIT			2.8	3.2	-13.4%
as % of sales			3.0%	3.9%	
Net income attrib. to shareholders			1.5	1.7	-12.9%
Earnings per share (EUR)			0.18	0.20	-12.8%
Net financial debt (net cash)			21.5	-11.6	

* Operating EBITA: Earnings before interest, taxes and amortisation/impairments of assets from PPAs (goodwill, acquired order balances, customer lists, etc.) and effects on earnings from subsequent purchase price adjustments/earnouts
Source: Allgeier Holding SE, CBS Research AG

Profit and loss account

	IFRS	EURm	2008	2009	2010	2011	2012E	2013E	2014E
Sales			178.7	223.5	308.7	378.8	439.8	484.2	523.0
YoY growth			34.0%	25.1%	38.1%	22.7%	16.1%	10.1%	8.0%
Inventory changes (finished goods, WIP)			0.0	-0.1	0.0	0.3	0.1	0.2	0.2
Other own work capitalised			0.0	0.0	0.1	0.1	0.1	0.1	0.1
Total output			178.7	223.5	308.8	379.1	440.0	484.5	523.2
Cost of materials			-111.2	-137.5	-182.5	-220.2	-253.6	-278.1	-300.3
as % of total output			-62.2%	-61.5%	-59.1%	-58.1%	-57.6%	-57.4%	-57.4%
Gross profit			67.5	86.0	126.2	158.9	186.4	206.4	222.9
as % of total output			37.8%	38.5%	40.9%	41.9%	42.4%	42.6%	42.6%
Personnel expenses			-44.3	-59.5	-88.4	-109.0	-126.3	-139.1	-150.0
as % of total output			-24.8%	-26.6%	-28.6%	-28.7%	-28.7%	-28.7%	-28.7%
Other operating income			2.1	4.0	5.8	6.6	7.0	7.8	7.7
as % of total output			1.2%	1.8%	1.9%	1.7%	1.6%	1.6%	1.5%
Other operating expenses			-13.1	-16.1	-25.5	-34.2	-38.8	-41.7	-44.7
as % of total output			-7.3%	-7.2%	-8.2%	-9.0%	-8.8%	-8.6%	-8.5%
EBITDA			12.1	14.4	18.1	22.3	28.4	33.4	35.9
as % of total output			6.8%	6.5%	5.9%	5.9%	6.5%	6.9%	6.9%
Operating EBITA*			10.8	12.8	15.6	19.0	24.6	28.3	31.8
as % of total output			6.0%	5.7%	5.1%	5.0%	5.6%	5.8%	6.1%
Depreciation and amortization, excl. goodwill impairments			-4.3	-4.1	-7.0	-10.3	-10.1	-11.1	-9.6
as % of total output			-2.4%	-1.9%	-2.3%	-2.7%	-2.3%	-2.3%	-1.8%
Goodwill impairments			-4.0	-2.3	0.0	0.0	0.0	0.0	0.0
as % of total output			-2.2%	-1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT			3.9	8.0	11.0	12.0	18.3	22.3	26.3
as % of total output			2.2%	3.6%	3.6%	3.2%	4.2%	4.6%	5.0%
Interest income			3.1	0.8	0.7	0.4	0.4	0.5	0.6
Interest expenses			-2.2	-1.8	-1.6	-2.9	-3.1	-2.9	-2.9
Result from sale of temping business			82.6	-	-	-	-	-	-
EBT (Earnings before income taxes)			87.4	7.0	10.2	9.5	15.6	19.9	24.0
as % of total output			48.9%	3.2%	3.3%	2.5%	3.6%	4.1%	4.6%
Taxes on income			-7.1	-2.1	-1.5	-4.2	-4.7	-6.0	-7.2
as % of EBT			-8.1%	-29.6%	-14.4%	-44.1%	-30.0%	-30.0%	-30.0%
Net income of the group			80.4	5.0	8.7	5.3	10.9	13.9	16.8
as % of total output			45.0%	2.2%	2.8%	1.4%	2.5%	2.9%	3.2%
Minority interests			-0.6	0.2	-0.4	-0.9	-0.9	-1.0	-1.1
Net income attributable to shareholders			79.7	5.2	8.3	4.4	10.0	12.9	15.7
Basic earnings per share (EUR)			8.93	0.60	0.99	0.52	1.18	1.52	1.85
Adjusted earnings per share (EUR)**			0.85	0.98	1.18	1.27	1.70	2.02	2.30

* Operating EBITA: Earnings before interest, taxes and amortisation/impairments of assets from PPAs (goodwill, acquired order balances, customer lists, etc.) and effects on earnings from subsequent purchase price adjustments/earnouts

** Adjusted EPS = Adjusted net income divided by weighted average of shares outstanding;

Adjusted net income = Operating EBITA minus financial result minus assumed taxes (30% tax rate) minus minority interests.

Source: CBS Research AG, Allgeier Holding SE

Balance sheet

	IFRS	EURm	2008	2009	2010	2011	2012E	2013E	2014E
Assets									
Noncurrent assets			45.6	47.9	63.7	113.0	106.0	100.8	96.9
as % of total assets			23.6%	29.9%	31.2%	46.6%	36.0%	32.9%	30.9%
Goodwill			34.9	33.5	44.8	79.2	79.2	79.2	79.2
Other intangible assets			7.0	8.9	12.5	23.6	17.6	12.3	7.6
Property, plant and equipment			3.4	4.6	5.4	8.8	8.9	9.0	9.8
Investments in companies consolidated at equity			0.0	0.4	0.0	0.0	0.0	0.0	0.0
Deferred taxes			0.3	0.5	1.0	1.4	0.3	0.3	0.3
Current assets			147.8	112.2	140.4	129.2	188.8	205.2	216.7
as % of total assets			76.4%	70.1%	68.8%	53.4%	64.0%	67.1%	69.1%
Inventories			1.0	2.7	3.1	3.0	3.4	3.7	3.8
Trade receivables			49.6	52.9	66.5	81.8	94.6	104.1	112.5
Other assets and receivables			28.1	7.4	9.5	12.4	13.7	14.3	15.0
Cash and cash equivalents			69.1	49.2	61.3	31.9	77.2	83.1	85.3
Total assets			193.4	160.1	204.1	242.1	294.9	306.0	313.6
Shareholders' equity and liabilities									
Shareholders' equity			81.8	79.5	85.5	88.2	94.9	104.7	117.3
as % of total equity and liabilities			42.3%	49.7%	41.9%	36.4%	32.2%	34.2%	37.4%
Subscribed capital			9.1	9.1	9.1	9.1	9.1	9.1	9.1
Capital reserve			11.3	11.3	11.3	11.3	11.3	11.3	11.3
Retained earnings			0.3	0.3	0.3	0.3	0.3	0.3	0.3
Own shares at acquisition cost			-1.7	-3.6	-4.5	-5.2	-5.2	-5.2	-5.2
Profit carried forward			-18.1	56.5	57.4	61.6	61.8	67.6	76.4
Net income for the year			79.7	5.2	8.3	4.4	10.0	12.9	15.7
Changes in equity recognised directly in equity			-0.9	-0.9	-0.2	2.2	2.2	2.2	2.2
Minority interests			2.0	1.8	3.7	4.5	5.4	6.4	7.5
Noncurrent liabilities and deferred income			24.0	23.8	31.6	35.5	100.0	94.0	81.9
as % of total equity and liabilities			12.4%	14.9%	15.5%	14.7%	33.9%	30.7%	26.1%
Non-current profit-participation liabilities (PREPS)			13.0	13.0	6.0	0.0	0.0	0.0	0.0
Noncurrent financial liabilities incl. promissory notes			2.2	0.3	15.6	2.6	72.6	72.6	70.0
Provisions for pensions and similar obligations			0.3	1.0	0.9	1.0	1.0	1.1	1.2
Other noncurrent liabilities (mainly earnout components from company acquisitions)			3.1	3.7	3.3	22.8	19.1	14.9	7.0
Deferred tax liabilities			5.5	5.8	5.7	9.2	7.2	5.3	3.8
Current liabilities			87.6	56.7	87.0	118.4	100.0	107.3	114.3
as % of total equity and liabilities			45.3%	35.4%	42.6%	48.9%	33.9%	35.1%	36.5%
Current profit-participation liabilities (PREPS)			0.0	0.0	7.0	6.0	0.0	0.0	0.0
Current financial liabilities			13.4	8.4	16.9	32.7	11.4	11.6	11.7
Current provisions			13.1	7.8	10.8	16.1	20.2	21.7	23.3
Trade accounts payable			22.6	23.3	29.8	36.5	37.9	41.8	45.1
Prepayments received			0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities incl. earnout components from company acquisitions			38.5	17.3	22.5	27.1	30.4	32.3	34.2
Total equity and liabilities			193.4	160.1	204.1	242.1	294.9	306.0	313.6

Source: CBS Research AG, Allgeier Holding SE

Cash flow statement

	IFRS	EURm	2008	2009	2010	2011	2012E	2013E	2014E
EBIT			3.9	8.0	11.0	12.0	18.3	22.3	26.3
Depreciation and amortisation			8.3	6.4	7.0	10.3	10.1	11.1	9.6
Other non-cash income and expenses incl. expenses from additions to provisions			4.0	4.2	6.7	10.0	9.2	10.0	10.4
Change in non-current provisions			-0.4	0.1	0.0	0.0	0.1	0.1	0.1
Cash taxes paid/received			-6.1	-4.7	-3.2	-3.8	-6.5	-7.8	-8.4
Cash flow from changes in working capital			-13.3	-2.2	-14.5	-8.8	-13.6	-13.1	-12.8
Cash flow from operating activities			-3.7	11.8	7.2	19.6	17.5	22.5	25.2
Net cash outflows from the purchase and retirement of PP&E and intangible assets			-2.0	-1.6	-2.5	-4.2	-3.8	-5.8	-5.7
Payments for the purchase of subsidiaries and for the acquisition of assets and rights			-17.0	-4.1	-8.7	-25.4	-0.5	0.0	0.0
Purchase price components paid for companies acquired in other periods			0.0	-5.0	-0.9	-4.0	-3.1	-4.2	-7.9
Investments valued at equity (incl. disposals)			0.0	-0.2	0.3	-0.1	0.0	0.0	0.0
Payment balance from the sale of subsidiaries			103.7	-5.4	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities			84.7	-16.3	-11.9	-33.7	-7.4	-10.0	-13.7
Payments for own shares			-1.2	-1.9	-1.0	-1.1	0.0	0.0	0.0
Net borrowings/retirements of loans and cash flow from promissory notes			-6.1	-4.1	17.4	-0.6	47.3	0.0	-2.6
Net cash inflow from ABS programme (assignment of trade receivables)			3.8	-2.8	4.9	0.9	0.8	0.2	0.1
Repayment of profit-participation liabilities			0.0	0.0	0.0	-7.0	-6.0	0.0	0.0
Interests paid and received, net			1.0	-0.8	-0.7	-2.4	-2.7	-2.4	-2.3
Dividends paid			-22.3	-5.2	-4.2	-4.2	-4.2	-4.2	-4.2
Payments to/from shareholders with non-controlling interests and purchases of non-controlling interests			0.0	-0.1	-0.1	-0.9	-0.2	-0.2	-0.2
Cash flow from financing activities			-24.9	-14.9	16.4	-15.2	35.1	-6.6	-9.2
Total change in cash and cash equivalents			56.1	-19.4	11.6	-29.3	45.2	5.9	2.3
Currency-induced changes in cash and cash			0.0	0.0	0.3	-0.2	0.0	0.0	0.0
Cash and cash equivalents at the start of the period			12.5	68.6	49.1	61.1	31.6	76.8	82.7
Cash and cash equivalents at the end of the period			68.6	49.1	61.1	31.6	76.8	82.7	85.0
Bank overdraft			0.5	0.0	0.2	0.3	0.3	0.3	0.3
Cash and cash equivalents in the balance sheet			69.1	49.2	61.3	31.9	77.2	83.1	85.3

Source: CBS Research AG, Allgeier Holding SE

Research



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Recommendation System:

Close Brothers Seydler Research AG uses a 3-level absolute share rating system. The ratings pertain to a time horizon of up to 12 months:

BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
13 March 2012	BUY (Initiating Coverage)	EUR 11.80	EUR 19.00
20 April 2012	BUY	EUR 11.75	EUR 19.00
10 May 2012	BUY	EUR 11.60	EUR 19.00

Risk-scaling System:

Close Brothers Seydler Research AG uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 12 months:

LOW: The volatility is expected to be lower than the volatility of the benchmark
MEDIUM: The volatility is expected to be equal to the volatility of the benchmark
HIGH: The volatility is expected to be higher than the volatility of the benchmark

The following valuation methods are used when valuing companies: Multiplier models (price/earnings, price/cash flow, price/book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer group comparisons, historical valuation approaches, discounting models (DCF, DDM), break-up value approaches or asset valuation approaches. The valuation models are dependent upon macroeconomic measures such as interest, currencies, raw materials and assumptions concerning the economy. In addition, market moods influence the valuation of companies. The figures taken from the income statement, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks. These may change at any time without prior notice.

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