

Recommendation: **BUY** (BUY) Risk: **MEDIUM** (MEDIUM) Price target: **EUR 17.00** (19.00)

05 September 2012

Strong growth in 1H 2012

...but our last forecast now appears too ambitious

- In 1H 2012, YOY revenue growth exceeded a rate of 11%. While the divisions IT Solutions and Project Solutions showed strong organic and external growth, **sales in the IT Services & Recruiting division declined by 2%** (see p. 2 for detailed segment figures). In 2Q 2012, sales reached **EUR 97.4m** (+11.1% compared to EUR 87.6m in 2Q 2011). In 2Q, the **Group's EBITDA** was affected by **one-off expenses** amounting to EUR 1.7m and therefore slightly declined to EUR 3.8m 2012 (PY: EUR 3.9m). After the takeover of companies with strong customer bases and order books, the **increased PPA amortisations reduced the quarterly EBIT** to EUR 0.5m (PY: EUR 2.0m). These amortisations, however, will continue to weigh on EBIT only for a few years. The significant **increase in financial expenses** in 2Q resulted from unwinding the discounting on earn-out liabilities, since Allgeier now expects a higher earn-out payment in 1H 2013 due to the **strong performance of Nagarro**. Net income and EPS were therefore negative in 2Q and also in 1H 2012.
- As we had already anticipated in our last update, Allgeier has announced that the **takeover bid for EASY SOFTWARE will no longer be pursued** (see p. 3 for details). Since we had not incorporated the takeover of EASY SOFTWARE in our financial model yet, the failure of the takeover does not have any effect on our estimates.
- However, mainly due to the weaker than expected development in the IT Services & Recruiting division and due to unanticipated one-off expenses, **Allgeier's sales and earnings performance has not reached our expectations in 1H 2012**. Even though we expect a much better 2H 2012 due to Allgeier's seasonally stronger year-end business, and even though **TECOPS** will probably already be consolidated as from 1 September (instead of 1 October as previously assumed), **our previous sales and earnings estimates appeared too high by now**. We adjusted our estimates for FY 2012E . 2014E downwards, but stick to our long-term margin expectations for Allgeier SE and our overall very positive assessment of the company's business model.
- A valuation update yields a **new price target of EUR 17.00** (previously: EUR 19.00). We maintain our **BUY** recommendation for the Allgeier share.

Y/E Dec 31, EUR m	2009	2010	2011	2012E	2013E	2014E
Sales	223.5	308.7	378.8	439.6	547.9	591.7
EBITDA	14.4	18.1	22.3	25.9	35.4	41.2
EBITA	12.8	15.6	19.0	18.8	27.2	34.4
EBIT	8.0	11.0	12.0	11.8	19.0	26.7
Net result	5.2	8.3	4.4	4.5	9.5	14.8
Basic EPS	0.60	0.99	0.52	0.54	1.13	1.76
Adjusted EPS	0.98	1.18	1.27	1.12	1.81	2.40
CPS	1.36	0.85	2.34	2.65	2.02	3.43
DPS	0.50	0.50	0.50	0.50	0.50	0.50
EBITDA margin	6.5%	5.9%	5.9%	5.9%	6.5%	7.0%
Adj. EBITDA margin	n/a	5.7%	6.2%	5.9%	6.5%	7.0%
EBITA margin	5.7%	5.1%	5.0%	4.3%	5.0%	5.8%
EV/EBITDA	8.2	6.5	5.3	4.6	3.3	2.9
P/E	17.9	10.8	20.4	19.8	9.4	6.1

Source: CBS Research AG, Allgeier SE



Source: CBS Research, Bloomberg, Allgeier Holding SE

Change	2012E		2013E		2014E	
	new	old	new	old	new	old
Sales	439.6	462.8	547.9	565.9	591.7	611.2
EBITDA	25.9	30.1	35.4	40.2	41.2	44.6
EPS	0.54	1.27	1.13	1.87	1.76	2.21

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

Short company profile:

Munich-based Allgeier SE is one of the leading consulting and service companies in the German-speaking region. With more than 2,600 employees and around 1,500 freelance IT experts, Allgeier offers its customers a complete service approach spanning design, implementation, and through to the operation of IT landscapes. Fifteen corporate units, each with its own specialist and sector-related focus, work together for more than 2,000 customers from almost all sectors.

Share data:

Share price (EUR, latest closing price):	10.65
Shares outstanding (m):	8.4
Market capitalisation (EUR m):	89.3
Enterprise value (EUR m):	118.3
Ø daily trading volume (3 m., no. of shares):	9,006

Performance data:

High 52 weeks (EUR):	12.89
Low 52 weeks (EUR):	9.30
Absolute performance (12 months):	2.5%
Relative performance vs. CDAX:	
1 month	0.4%
3 months	-16.7%
6 months	-14.0%
12 months	-10.0%

Shareholders:

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

Financial calendar:

9M report: 8 November 2012

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Operational development in 1H 2012

Just like in 1Q, **YOY revenue growth exceeded a rate of 11% in 2Q 2012**. Sales reached EUR 190.1m in 1H 2012 (+11.2% compared to EUR 171.0m in 1H 2011). While the divisions IT Solutions and Project Solutions showed strong organic and external growth, **sales in the IT Services & Recruiting division declined by 2%** (see table below for detailed segment figures). IT Services & Recruiting is the only division which had not been strengthened by any acquisition in the past 18 month. Therefore, sales in this division was neither boosted by any full year effects from takeovers made in 2011, nor by any initial consolidations in 1H 2012. Moreover, the division recently also suffered from a decline in sales to one key account customer which was probably also a reason for the **slight decrease in segment earnings**.

Strong growth in the IT Solutions and Project Solutions divisions was partly offset by weaker performance of the IT Services & Recruiting division

Quarterly figures (YOY comparison)

	IFRS	EURm	2Q 2012	2Q 2011	Change	1H 2012	1H 2011	Change
Sales			97.4	87.6	11%	190.1	171.0	11%
YoY growth			11.1%	22.3%		11.2%	27.9%	
IT Services & Recruiting			n/a	n/a		90.5	92.3	-2%
IT Solutions			n/a	n/a		62.8	55.2	14%
Project Solutions			n/a	n/a		40.4	27.8	45%
Consolidation			n/a	n/a		-3.6	-4.3	
Total output			97.7	87.5	12%	196.1	174.2	13%
Gross profit			44.8	36.1	24%	89.7	71.4	26%
as % of total output			45.8%	41.3%		45.7%	41.0%	
EBITDA			3.8	3.9	-1%	9.9	8.8	13%
as % of sales			3.9%	4.4%		5.2%	5.1%	
Operating EBITA*			2.6	3.2	-19%	7.8	7.5	4%
as % of sales			2.7%	3.7%		4.1%	4.4%	
EBITA IT Services & Recruiting			n/a	n/a		5.3	5.6	-5%
as % of total segment sales			n/a	n/a		5.9%	6.1%	
EBITA IT Solutions			n/a	n/a		1.8	2.7	-33%
as % of total segment sales			n/a	n/a		2.9%	4.9%	
EBITA Project Solutions			n/a	n/a		3.0	1.6	88%
as % of total segment sales			n/a	n/a		7.4%	5.7%	
EBITA Other and consolidation			n/a	n/a		-2.3	-2.3	
EBIT			0.5	2.0	-73%	3.3	5.2	-36%
as % of sales			0.5%	2.2%		1.7%	3.0%	
EBIT IT Services & Recruiting			n/a	n/a		5.0	5.2	-4%
as % of total segment sales			n/a	n/a		5.5%	3.0%	
EBIT IT Solutions			n/a	n/a		-0.6	0.9	-167%
as % of total segment sales			n/a	n/a		-1.0%	0.5%	
EBIT Project Solutions			n/a	n/a		1.2	1.4	-14%
as % of total segment sales			n/a	n/a		3.0%	5.1%	
EBIT Other and consolidation			n/a	n/a		-2.3	-2.3	
Net income attrib. to shareholders			-1.7	1.0	-279%	-0.2	2.7	-109%
Earnings per share (EUR)			-0.20	0.11	-279%	-0.03	0.32	-109%
Net financial debt (net cash)			22.9	-3.3				

* 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 SE, CBS Research AG

The Group's EBITDA was affected by **one-off expenses amounting to EUR 1.7m** and therefore slightly declined to EUR 3.8m in 2Q 2012 (PY: EUR 3.9m). These one-off expenses included the increase of a provision relating to other periods (EUR 0.5m) in the IT Solutions segment as well as currency effects (EUR 0.4m) from the Nagarro earn-out liability payable in US dollar (Project Solutions segment). In comparison to 2Q 2011, total **depreciation and amortisation increased by 72%**. After the takeover of companies with strong customer bases and order books, the increased PPA amortisations will continue to weigh on EBIT for a few years. Due to the one-off effects and these PPA amortisations, **EBIT reached only EUR 0.5m** (PY: EUR 2.0m) in 2Q.

EBIT affected by one-off expenses and high PPA amortisations

Additionally, a significant **increase in financial expenses** in 2Q resulted from unwinding the discounting on earn-out liabilities, since Allgeier now expects a higher earn-out payment in 1H 2013 due to the **strong performance of Nagarro**. Net income and EPS were therefore negative in 2Q and also in 1H 2012 (see table above).

Strong performance of Nagarro resulted in higher interest expenses

Adjustments of our financial estimates

In our last estimates for FY 2012, **we had anticipated a full-year effect in an amount of about EUR 20m** of the acquisitions made in the course of 2011. Additionally we had assumed an **organic growth rate of 8%**. Both assumptions combined result in an expected YOY growth of more than 13% (before any acquisitions made in 2012). Mainly due to the weaker than expected performance in the IT Services & Recruiting division, **Allgeier's sales growth has not reached the expected level in 1H 2012**, even though the newly acquired **Skytec AG** (CBSR sales estimate for FY 2012: EUR 9.5m) has additionally been consolidated as from 1 April, and **b+m Informatik** (CBSR sales estimate for FY 2012: EUR 12m) also contributed to the Group's sales for one month. Despite Allgeier's seasonally stronger year-end business, and even though **TECOPS** will probably already be consolidated as from 1 September (instead of 1 October as previously assumed), **our previous sales and earnings estimates appeared too high by now**. We adjusted our estimates according to the table below.

Performance in 1H 2012 has not come up to our high expectations

Change in sales and earnings estimates of CBS Research

EURm (except for EPS)	2012E		2013E		2014E	
	new	old	new	old	new	old
Sales	439.6	462.8	547.9	565.9	591.7	611.2
EBITDA	25.9	30.1	35.4	40.2	41.2	44.6
EBIT	11.8	19.3	19.0	26.9	26.7	31.1
Net result after minorities	4.5	10.7	9.5	15.9	14.8	18.7
EPS (EUR)	0.54	1.27	1.13	1.87	1.76	2.21

Source: CBS Research AG

EASY SOFTWARE takeover was aborted

As we had already anticipated in our last update on Allgeier, different price perceptions of major EASY SOFTWARE shareholders have eventually resulted in a failure to obtain the minimum acceptance quota of 75% which was a condition of Allgeier's voluntary public takeover. After the end of the acceptance period on 21 August 2012, Allgeier has therefore announced that the takeover bid for EASY SOFTWARE will no longer be pursued, even though Allgeier's Management is still

No effect on our estimates

convinced that a combination of both companies' business activities is reasonable. As we had not incorporated the takeover of EASY SOFTWARE in our financial model yet, **the failure of the takeover does not have any effect on our estimates.**

Adjusted price target

Our valuation approach now results in a new fair value per share of exactly EUR 17.00. **We lower our price target from EUR 19.00 to EUR 17.00** which still indicates a clear undervaluation of the stock at the current price level and strongly supports our **BUY** recommendation.

New PT: EUR 17.00

BUY

Valuation results

	Weighting factor	Fair value per share (EUR)
Peer group valuation	50.0%	14.74
DCF valuation	50.0%	19.25
Fair value per share (EUR)		17.00

Source: 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	439.6	547.9	591.7
YoY growth			34.0%	25.1%	38.1%	22.7%	16.1%	24.6%	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	439.8	548.2	592.0
Cost of materials			-111.2	-137.5	-182.5	-220.2	-227.5	-250.5	-269.3
as % of total output			-62.2%	-61.5%	-59.1%	-58.1%	-51.7%	-45.7%	-45.5%
Gross profit			67.5	86.0	126.2	158.9	212.3	297.7	322.6
as % of total output			37.8%	38.5%	40.9%	41.9%	48.3%	54.3%	54.5%
Personnel expenses			-44.3	-59.5	-88.4	-109.0	-153.3	-219.5	-236.8
as % of total output			-24.8%	-26.6%	-28.6%	-28.7%	-34.8%	-40.0%	-40.0%
Other operating income			2.1	4.0	5.8	6.6	5.9	4.4	4.5
as % of total output			1.2%	1.8%	1.9%	1.7%	1.4%	0.8%	0.8%
Other operating expenses			-13.1	-16.1	-25.5	-34.2	-39.1	-47.1	-49.1
as % of total output			-7.3%	-7.2%	-8.2%	-9.0%	-8.9%	-8.6%	-8.3%
EBITDA			12.1	14.4	18.1	22.3	25.9	35.4	41.2
as % of total output			6.8%	6.5%	5.9%	5.9%	5.9%	6.5%	7.0%
Operating EBITA*			10.8	12.8	15.6	19.0	18.8	27.2	34.4
as % of total output			6.0%	5.7%	5.1%	5.0%	4.3%	5.0%	5.8%
Depreciation and amortization, excl. goodwill impairments			-4.3	-4.1	-7.0	-10.3	-14.1	-16.5	-14.5
as % of total output			-2.4%	-1.9%	-2.3%	-2.7%	-3.2%	-3.0%	-2.4%
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	11.8	19.0	26.7
as % of total output			2.2%	3.6%	3.6%	3.2%	2.7%	3.5%	4.5%
Interest income			3.1	0.8	0.7	0.4	0.4	0.2	0.1
Interest expenses			-2.2	-1.8	-1.6	-2.9	-4.4	-4.2	-4.1
Result from sale of temping business			82.6	-	-	-	-	-	-
EBT (Earnings before income taxes)			87.4	7.0	10.2	9.5	7.7	15.0	22.7
as % of total output			48.9%	3.2%	3.3%	2.5%	1.8%	2.7%	3.8%
Taxes on income			-7.1	-2.1	-1.5	-4.2	-2.3	-4.5	-6.8
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	5.4	10.5	15.9
as % of total output			45.0%	2.2%	2.8%	1.4%	1.2%	1.9%	2.7%
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	4.5	9.5	14.8
Basic earnings per share (EUR)			8.93	0.60	0.99	0.52	0.54	1.13	1.76
Adjusted earnings per share (EUR)**			0.85	0.98	1.18	1.27	1.12	1.81	2.40

* 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 SE

Balance sheet

	IFRS	EURm	2008	2009	2010	2011	2012E	2013E	2014E
Assets									
Noncurrent assets			45.6	47.9	63.7	113.0	127.9	117.4	109.1
as % of total assets			23.6%	29.9%	31.2%	46.6%	42.7%	39.0%	35.2%
Intangible assets			41.9	42.3	57.4	102.8	117.3	107.0	97.6
Property, plant and equipment			3.4	4.6	5.4	8.8	10.2	10.1	11.2
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	0.4	0.3	0.3
Current assets			147.8	112.2	140.4	129.2	171.6	184.0	200.8
as % of total assets			76.4%	70.1%	68.8%	53.4%	57.3%	61.0%	64.8%
Inventories			1.0	2.7	3.1	3.0	3.8	4.1	4.3
Trade receivables			49.6	52.9	66.5	81.8	97.8	112.6	120.8
Other assets and receivables			28.1	7.4	9.5	12.4	17.2	15.5	16.3
Cash and cash equivalents			69.1	49.2	61.3	31.9	52.8	51.8	59.4
Total assets			193.4	160.1	204.1	242.1	299.6	301.4	309.9
Shareholders' equity and liabilities									
Shareholders' equity			81.8	79.5	85.5	88.2	89.4	95.7	107.4
as % of total equity and liabilities			42.3%	49.7%	41.9%	36.4%	29.9%	31.8%	34.7%
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	62.1	67.4
Net income for the year			79.7	5.2	8.3	4.4	4.5	9.5	14.8
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	93.7	86.4	77.1
as % of total equity and liabilities			12.4%	14.9%	15.5%	14.7%	31.3%	28.7%	24.9%
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	2.3	2.5	2.7
Other noncurrent liabilities (mainly earnout components from company acquisitions)			3.1	3.7	3.3	22.8	12.6	8.4	4.5
Deferred tax liabilities			5.5	5.8	5.7	9.2	6.1	2.8	-0.1
Current liabilities			87.6	56.7	87.0	118.4	116.5	119.3	125.4
as % of total equity and liabilities			45.3%	35.4%	42.6%	48.9%	38.9%	39.6%	40.5%
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	12.0	12.0
Current provisions			13.1	7.8	10.8	16.1	21.6	21.9	23.7
Trade accounts payable			22.6	23.3	29.8	36.5	39.7	41.2	44.3
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	43.7	44.2	45.4
Total equity and liabilities			193.4	160.1	204.1	242.1	299.6	301.4	309.9

Source: CBS Research AG, Allgeier SE

Cash flow statement

	IFRS	EURm	2008	2009	2010	2011	2012E	2013E	2014E
EBIT			3.9	8.0	11.0	12.0	11.8	19.0	26.7
Depreciation and amortisation			8.3	6.4	7.0	10.3	14.1	16.5	14.5
Other non-cash income and expenses incl. expenses from additions to provisions			4.0	4.2	6.7	10.0	9.0	9.9	10.4
Change in non-current provisions			-0.4	0.1	0.0	0.0	1.4	0.2	0.2
Cash taxes paid/received			-6.1	-4.7	-3.2	-3.8	-4.5	-7.6	-9.2
Cash flow from changes in working capital			-13.3	-2.2	-14.5	-8.8	-9.5	-21.0	-13.8
Cash flow from operating activities			-3.7	11.8	7.2	19.6	22.2	17.0	28.8
Net cash outflows from the purchase and retirement of PP&E and intangible assets			-2.0	-1.6	-2.5	-4.2	-4.8	-6.1	-6.2
Payments for the purchase of subsidiaries and for the acquisition of assets and rights			-17.0	-4.1	-8.7	-25.4	-28.2	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	-3.9
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	-36.1	-10.2	-10.1
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	48.3	0.0	-2.6
Net cash inflow from ABS programme (assignment of trade receivables)			3.8	-2.8	4.9	0.9	0.8	0.6	0.0
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	-4.0	-4.0	-4.0
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	34.7	-7.8	-11.1
Total change in cash and cash equivalents			56.1	-19.4	11.6	-29.3	20.9	-1.1	7.6
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	52.5	51.4
Cash and cash equivalents at the end of the period			68.6	49.1	61.1	31.6	52.5	51.4	59.1
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	52.8	51.8	59.4

Source: CBS Research AG, Allgeier SE

Multiple-based valuation

Company name	P / E			EV / EBIT			EV / EBITDA		
	2012E	2013E	2014E	2012E	2013E	2014E	2012E	2013E	2014E
Allgeier (based on CBSR estimates)	19.8	9.4	6.1	10.0	6.2	4.4	4.6	3.3	2.9
European IT service/consulting companies (market cap below EUR 1bn):									
ASSYSTEM	9.0	8.4	7.2	4.8	4.5	4.2	3.9	3.6	3.4
BOUVET ASA	10.3	8.1	7.6	6.6	5.2	4.8	6.0	4.6	4.4
CENIT AG	10.2	9.5	8.4	4.0	3.6	3.2	2.9	2.8	2.5
CONNECTA AB	10.7	8.5	7.6	7.6	6.0	5.4	7.2	5.7	5.2
COR&FJA AG	n.m.	38.0	11.9	n.m.	28.1	11.0	13.0	8.1	5.4
DATAGROUP AG	10.5	6.8	5.6	12.4	8.0	7.5	7.8	5.8	5.5
DEVOTEAM SA	14.7	7.6	5.7	4.7	4.0	3.3	4.3	3.2	2.6
ECONOCOM GROUP	9.7	8.8	7.7	6.7	6.3	5.9	6.0	5.7	5.0
GFI INFORMATIQUE	8.4	7.4	8.4	6.2	5.8	5.6	5.3	4.8	4.5
GFT TECHNOLOGIES AG	9.4	7.7	7.1	4.8	4.3	3.7	4.2	3.8	3.3
GROUPE STERIA SCA	5.6	4.9	4.3	5.5	4.7	4.3	4.0	3.4	3.3
ORDINA NV	19.3	10.9	7.9	27.1	16.1	9.4	7.1	6.1	5.3
OSIATIS	6.6	6.1	6.4	3.9	3.7	3.6	3.4	3.2	3.2
PHOENIX IT GROUP LTD	5.3	4.9	4.5	5.7	5.3	5.1	4.4	3.6	3.5
SOLUCOM	9.8	11.5	10.2	6.1	5.7	5.1	5.6	5.3	4.6
SOPRA GROUP	7.4	6.6	6.0	5.1	4.7	4.3	4.4	4.1	3.7
TIETO OYJ	11.3	9.6	8.8	10.2	7.6	6.9	5.5	4.7	4.4
ADESSO AG	21.9	12.3	8.1	n.m.	3.6	2.5	3.9	2.6	2.0
Average	10.6	9.9	7.4	7.6	7.1	5.3	5.5	4.5	4.0
Median	9.8	8.3	7.6	5.9	5.2	4.9	4.9	4.4	4.1
Major players with market cap above EUR 1bn:									
ATOS	12.4	10.5	9.4	7.4	6.3	5.8	4.4	4.0	3.7
CAP GEMINI	11.2	10.2	9.0	6.7	6.0	5.4	5.0	4.7	4.3
INDRA SISTEMAS SA	8.8	7.9	7.1	8.1	7.3	6.7	6.6	6.1	5.6
LOGICA PLC									
Average	10.8	9.6	8.5	7.4	6.6	6.0	5.4	4.9	4.6
Median	11.2	10.2	9.0	7.4	6.3	5.8	5.0	4.7	4.3
Indian IT service companies:									
INFOSYS LTD	14.4	13.3	11.8	10.1	9.5	8.7	9.4	8.8	8.0
TATA CONSULTANCY SVCS LTD	19.3	17.4	15.3	14.6	13.5	12.2	13.9	12.7	11.3
WIPRO LTD	13.9	12.7	11.2	11.8	10.9	9.7	10.4	9.6	8.3
Average	15.9	14.5	12.8	12.2	11.3	10.2	11.2	10.4	9.2
Median	14.4	13.3	11.8	11.8	10.9	9.7	10.4	9.6	8.3
Weighted average of peer groups	11.7	10.3	9.2	7.8	7.0	6.5	6.5	6.0	5.4
EURm, except EPS (EUR)									
	EPS			EBIT			EBITDA		
	2012E	2013E	2014E	2012E	2013E	2014E	2012E	2013E	2014E
Allgeier SE (estimates by CBSR)	0.54	1.13	1.76	11.8	19.0	26.7	25.9	35.4	41.2
Applied multiples (peer group - weighted average)	11.7	10.3	9.2	7.8	7.0	6.5	6.5	6.0	5.4
Fair Enterprise Value	-	-	-	92.4	133.2	173.2	168.0	210.7	222.3
+ Liquid funds	71.7								
- Financial debt incl. pension provisions	-96.1								
- Minority interests	-4.6								
Fair value of equity from each multiple	52.5	97.7	136.5	63.4	104.2	144.2	139.0	181.7	193.3
Average of derived fair values	123.6								
Premium (discount) vs. peer group companies	0%								
Fair value of equity	123.6								
Number of shares outstanding (m)	8.4								
Fair value per share (EUR)	14.74								

Source: Bloomberg, CBS Research AG

Discounted Cash Flow Model

EURm	PHASE 1			PHASE 2						PHASE 3	
	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	∞
Sales revenues	439.6	547.9	591.7	621.3	639.9	659.1	678.9	699.3	720.2	731.0	
Y-o-Y growth	16.1%	24.6%	8.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	1.5%	
EBIT	11.8	19.0	26.7	31.7	33.3	33.6	32.6	31.5	32.4	32.9	
EBIT margin as % of sales	2.7%	3.5%	4.5%	5.1%	5.2%	5.1%	4.8%	4.5%	4.5%	4.5%	
Income tax on EBIT (cash tax rate)	-6.8	-9.6	-10.8	-9.8	-10.0	-10.1	-9.8	-9.4	-9.7	-9.9	
Depreciation and amortisation	14.1	16.5	14.5	8.1	8.2	5.6	5.5	5.6	5.7	5.9	
Change in net working capital and non-cash income and expenses*	-0.5	-11.0	-4.0	-4.2	-3.2	-3.3	-3.4	-3.5	-3.6	-2.7	
Net capital expenditure incl. earnouts	-36.1	-10.2	-10.1	-5.4	-5.2	-6.7	-7.1	-7.3	-6.3	-5.9	
Free cash flow	-17.5	4.5	16.3	20.3	23.1	19.2	17.9	16.9	18.5	20.3	
Present values	-17.0	4.0	13.2	14.9	15.5	11.8	10.0	8.6	8.6	8.6	112.4
Present value Phase 1	0.2										
Present value Phase 2	77.9										
Present value Phase 3	112.4										
Total present value	190.4										
+ Liquid funds	71.7										
- Financial debt** and minority interests	-100.7										
Fair value of equity	161.4										
Number of shares outstanding (m)	8.4										
Fair value per share (EUR)	19.25										

Risk free rate	3.50%	Target equity ratio	80.0%
Equity risk premium	6.00%	Beta	1.20
Debt risk premium	1.40%	WACC	9.25%
Tax shield (Phase 3)	30.0%	Terminal growth	1.50%

Sensitivity analysis					
Terminal growth (Phase 3)					
	0.5%	1.0%	1.5%	2.0%	2.5%
8.25%	21.02	22.10	23.34	24.78	26.48
8.75%	19.21	20.12	21.16	22.35	23.73
WACC 9.25%	17.60	18.38	19.25	20.25	21.39
9.75%	16.18	16.84	17.58	18.42	19.37
10.25%	14.90	15.47	16.10	16.81	17.62

*Other non-cash income and expenses comprise mainly expenses from additions to provisions

** Financial debt incl. pension provisions.

Source: CBS Research AG

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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
6 July 2012	BUY	EUR 10.70	EUR 19.00
6 August 2012	BUY	EUR 10.52	EUR 19.00

8 August 2012	BUY	EUR 10.59	EUR 19.00
31 August 2012	BUY	EUR 10.76	EUR 19.00
4 September 2012	BUY	EUR 10.65	EUR 17.00

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