Allgeier Holding AG

Close Brothers Seydler Research AG

Recommendation: **BUY** (Initiating Coverage) | Risk: **MEDIUM** (-) | Price target: **EUR 19.00** (-)

13 March 2012

Riding the wave of market consolidation

Eminently attractive valuation level

- In recent years, Allgeier Holding AG has pursued a **dynamic growth- and value-oriented strategy**, using the proceeds from the sale of the temping business in 2008 to consistently expand the volume and scope of the Group's IT business. The Group now ranks 2nd among the German-based medium-sized IT service providers and 2nd among all IT recruitment companies in Germany. Allgeier has build up a **full-service offer** and the **critical size in terms of business volume and manpower**, including significant near- and off-shore capacities. Since the acquisition of Nagarro, Allgeier is the only medium-sized German IT group with strong **offshore capacities (>1,000 highly qualified IT experts) in India**. This represents a major competitive advantage. As one of the leading market players in the German speaking countries, the company will be able to compete also with the major international players in the run for the large orders.

- Allgeier's positioning allows for **organic growth rates** which are **significantly above the growth expectations for the total IT market**. The gathered experience in the acquisition and integration of competitors will enable Allgeier **to seize further M&A opportunities** offered in the ongoing industry consolidation. After the successful placement of a promissory note, the financing of this strategy is secured.

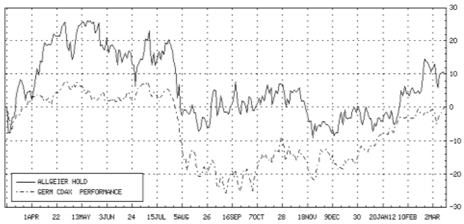
- We expect Allgeier to maintain its **strong organic and external growth** but nevertheless to **increase margins during the next years**. The operating EBITDA margin already reached 6.2% in FY 2011. The full year consolidation of Nagarro as well as increasing synergies and cost reductions should allow for an increase of the EBITDA margin to 6.5% in 2012E. The integration and merger of individual companies to bigger and stronger units will gradually reduce overhead and management costs during the next years. The winning of more and more large orders with better margins should also contribute to margin improvements.

- At the current price level, we regard the share of Allgeier Holding as eminently attractive. We set our first **price target for the share at EUR 19.00**. **Our clear recommendation is BUY.**

Y/E Dec 31, EUR m	2008	2009	2010	2011(E)	2012E	2013E
Sales	178.7	223.5	308.7	379.0	439.8	484.2
EBITDA	12.1	14.4	18.1	22.0	28.4	33.4
Adjusted EBITDA	n/a	n/a	17.5	23.5	28.4	33.4
EBIT	3.9	8.0	11.0	11.7	18.3	22.3
Net result	79.7	5.2	8.3	5.9	10.0	12.9
Basic EPS	8.93	0.60	0.99	0.70	1.18	1.52
CPS	-0.42	1.36	0.86	1.73	2.04	2.82
DPS	0.60	0.50	0.50	0.50	0.50	0.50
EBITDA margin	6.8%	6.5%	5.9%	5.8%	6.5%	6.9%
Adj. EBITDA margin	n/a	n/a	5.7%	6.2%	6.5%	6.9%
EBIT margin	2.2%	3.6%	3.6%	3.1%	4.2%	4.6%
EV/EBITDA	9.5	7.9	6.3	5.2	4.0	3.4

Source: CBS Research AG, Allgeier Holding AG

Share price (dark) vs. CDAX



Source: CBS Research, Bloomberg, Allgeier Holding AG

Change	2011E		2012E		2013E	
	new	old	new	old	new	old
Sales	379.0	-	439.8	-	484.2	-
EBITDA	22.0	-	28.4	-	33.4	-
EPS	0.70	-	1.18	-	1.52	-

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

Short company profile:

Allgeier Holding AG, 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):	**11.80**
Shares outstanding (m):	8.5
Market capitalisation (EUR m):	100.3
Enterprise value (EUR m):	114.6
Ø daily trading volume (3 m., no. of shares):	9,575

Performance data:	
High 52 weeks (EUR):	14.21
Low 52 weeks (EUR):	9.26
Absolute performance (12 months):	6.3%
Relative performance vs. CDAX:	
1 month	6.9%
3 months	4.1%
6 months	-0.3%
12 months	19.5%

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

Financial calendar:	
Annual report 2011:	17 April 2012
1Q report:	10 Mai 2012

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Investment thesis

Allgeier has evolved into one of the leading players in the German-speaking countries

In recent years, Allgeier Holding AG has pursued a **dynamic growth- and value-oriented strategy**, using the proceeds from the sale of the temping business in 2008 to consistently expand the volume and scope of the Group's IT business. By means of strong external and organic growth, the company has reached the necessary size and is now perceived by the market as a major player with a wide range of services. In 2010, the Group ranked

- **2nd** among the German-based medium-sized **IT service providers** and
- **2nd** among all **IT recruitment companies** in Germany (source: Lünendonk Market Segment study 2011).

Value-oriented integration of subsidiaries

Allgeier's **holding structure combines** the **advantages** of decentralised mid-sized business units driven by a strong sense of entrepreneurial spirit with the power of a strong and listed group. The holding integrates the group companies into a strong unit with a high delivery capability, aiming at increasing **synergies** and **cross-selling** activities within the group and a gentle consolidation of sub-brands and subsidiaries. In our view, Allgeier is currently transforming its 'holding image' smoothly into the image of an **increasingly integrative IT service and consulting company**.

Allgeier has gained critical size to go for larger projects and outsourcing contracts

While the German IT services market is still highly fragmented, more and more medium-sized and large enterprises limit their portfolio of IT service providers to just a few **preferred suppliers** who can nevertheless receive significantly higher order volumes as a consequence. The size of the supplier, a related low level of default risk, and a broad range of services, have become important criteria for customers when selecting future cooperation partners. In recent years, Allgeier has built up **critical size**, a **full-service offer** and the **necessary manpower**, including **significant near- and off-shore capacities**. The Company also features a **very solid balance sheet.** According to company information, Allgeier has already won several **large contracts** and has not lost any of them so far.

Offshore capacities in India represent a major competitive advantage

Since the acquisition of U.S.-based Nagarro Inc. in summer 2011, Allgeier is the only medium-sized German IT group with strong **offshore capacities (>1,000 highly qualified IT experts) in India**. These substantial offshore capacities as well as Allgeier's nearshoring capacities in Eastern Europe can now be combined with locally involved (German-speaking) experts in mixed project teams. This represents a major competitive advantage.

Allgeier's positioning allows for growth rates which are significantly above those of the total IT market

According to BITKOM, the German **IT services market** is expected to grow by **2.5% in 2012**, in particular driven by outsourcing and cloud computing. The **top 10 mid-sized IT service and consulting companies**, however, expect to outperform total market growth significantly, on average forecasting an **annual sales growth of 10.5% for 2011-2016** (source: Lünendonk 2011). The market segment for r**ecruiting, staffing and managing of freelance IT experts**, which is an important segment for Allgeier, is expected to show **much faster growth as well**. The service providers active in this field in Germany expected a growth of their market segment of 15.1% for 2011 (after 15.5% in 2010) and **a CAGR of 12.3% for the 2011-2016** (source: Lünendonk 2011). This clearly shows that **Allgeier's positioning allows for organic growth rates which are significantly above the growth expectations for the total IT market.**

Further M&A activities are part of the strategy

Allgeier is all set to carry on as **one of the strong and active players in the ongoing industry consolidation**. The gathered experience in the **acquisition and integration of competitors** will enable Allgeier to seize further M&A opportunities offered in this process. The **financing** of this strategy is secured. At the end of last February, Allgeier successfully placed a **promissory note with a total volume of EUR 70m**. After redemption of a EUR 19m loan by use of the proceeds, Allgeier had a net cash inflow of about EUR 51m which added to the existing cash on hand (EUR 32m at the end of 2011).

Financing is in place

Significant margin increases ahead

We expect Allgeier to **maintain its strong organic and external growth** but nevertheless to increase margins during the next years. The **operating EBITDA margin already reached 6.2% in FY 2011**. The full year consolidation of Nagarro as well as increasing synergies and cost reductions within the Group should allow for an **increase of the EBITDA margin to 6.5% in 2012E**, according to our estimates. The integration and merger of individual companies to bigger and stronger units will gradually reduce overhead and management costs during the next years. The winning of more and more large orders with better margins should also contribute to margin improvements. If Allgeier would stop to take over further companies, the **EBIT margin** would jump up as soon as the assets from the purchase price allocations (PPA) would be completely amortised. For the time being, however, PPA amortisations will remain on a rather high level.

PPA amortisations put a strain on the EBIT margin

Price target is EUR 19.00

From a DCF model and a multiple-based valuation on basis of a peer group, we derived a fair value per share of EUR 20.10. Further upside for our fair value can be expected from further acquisitions in the future, when the currently high cash position will be converted into assets which yield a higher ROI than cash. At the current price level, we regard the share of Allgeier Holding as eminently attractive. **On basis of a price target of EUR 19.00, our clear recommendation is BUY**.

BUY

SWOT analysis

Strengths & Opportunities

- **One of the leading German players** in the fields of IT consulting and services and IT recruitment.

- Allgeier's **holding structure combines advantages** of decentralized mid-sized business units driven by a strong sense of entrepreneurial spirit with the power of a strong and listed group. The **very lean holding** integrates the group companies into a strong unit with a high delivery capability.

- **Value-oriented integration of newly acquired companies:** Allgeier's strategy aims at increasing synergies and cross-selling activities within the group. After a further consolidation of sub-brands and subsidiaries, a reduced number of powerful joint units will be easier to manage and can operate more cost efficient and successfully on the market.

- **Critical size and delivery capability has been reached to win large orders:** A large part of Allgeier's future organic growth will be realised by just getting larger order sizes from the existing customer base. Bigger project sizes also allow for higher capacity utilisation and higher margins.

- **Significant near- and off-shore capacities:** In particular due to its more than 1,000 Indian IT experts, Allgeier has a unique position among the medium-sized IT companies in the German market.

- **Tier 1 customer base**: 20 of the TOP 30 companies and 52 of the TOP 100 companies in Germany are Allgeier customers. Allgeier's 10 biggest customers accounted for 37% of revenues in 2011.

- **Organic growth significantly outperformed the market:** The CAGR 2007-2010 of the Group's pro forma sales revenues is more than 13% p.a.

- **Experienced management team with proven track record in M&A:** Besides an impressive track record in the acquisition and value-enhancing integration of companies, the management has proven a great feel for market trends which also resulted in the expansion into the temping business and its subsequent very profitable sale in 2008.

- **Still large potential for value-enhancing acquisitions:**
  - German market for IT services is still highly fragmented
  - The ongoing consolidation wave offers many opportunities
  - Financing is secured, high cash position available for takeovers

- The **German IT market is expected to grow in 2012,** and **Cloud Computing** and related issues such as security or compliance should fuel demand for Allgeier's solutions and services. BITKOM expects the German B2B Cloud Computing market to grow at a CAGR of roughly 41% from 2011 to 2016.

Weaknesses & Threats

- **IT sector is cyclical:** Allgeier's business model depends to some degree on the overall economic development, even though the Group was able to cope with the sector crisis in 2009 much better than many other competitors (based on pro forma figures of the current group companies, sales remained on an almost constant level).
- **Strong competition and margin pressure**
- **Shortage of skilled IT experts on the German market**.
- **The Allgeier brand is only slowly being introduced as the joint brand of the operating subsidiaries:** Allgeier strives for a consolidation of sub-brands and a joint brand profile under the name of Allgeier, but the Allgeier brand is only slowly being adopted.
- **High PPA amortisations:** IFRS requires the allocation of company purchase prices preferably to amortisable assets instead of goodwill. While it is rather arguable whether such assets as customer bases should be amortised (and over which period), these amortisations have become a heavy burden for Allgeier's EBIT and net income.
- **Very high goodwill position (currently around EUR 75m) might involve risks:** Goodwill from acquisitions can theoretically be subject to impairments if profitability of the respective cash generating units should deteriorate in the future.
- **Low transparency regarding rates of return:** As long as Allgeier will continue to take over several companies per year, it will be very difficult to assess the ROI of all these acquisitions (intranparency regarding induced profit enhancements and earnouts) and the ROCE of the entire group (problems to calculate an average capital employed for a period).
- **Allgeier's share is not yet included in the IT-related sector indices of Deutsche Börse AG**: In the sector classification of Deutsche Börse AG, Allgeier Holding is still allocated to Financial Services and the corresponding DAXsector index, and the DAXsubsector is still Private Equity & Venture Capital. In our view, this does not adequately reflect Allgeier's strategic positioning.

Valuation and recommendation

Valuation summary

On basis of a price target of EUR 19.00, we recommend to BUY the share

A **multiple valuation,** based on P/E and EV multiples which we derived from a peer group analysis, indicates a fair value of **EUR 19.87** per share. Our **Discounted Cash Flow (DCF) model** yields a fair value of **EUR 20.32** per share. Both valuation results were weighted equally at 50%. In this way we arrived at a final fair value per share of EUR **20.10**. We set our **price target** for the share of Allgeier Holding AG at **EUR 19.00 and initiate coverage with a BUY recommendation.**

Final fair value: Combination of both valuation methods

	Weighting factor	Fair value per share (EUR)
Peer group valuation	50.0%	19.87
DCF valuation	50.0%	20.32
Fair value per share (EUR)		**20.10**

Source: CBS Research AG

Peer group valuation

Three peer groups

In order to reflect Allgeier's fair market value, **we formed three subgroups of comparable companies.** The first one is an international group of **European IT service/consulting companies with a market cap below EUR 1bn**. Occasionally, there are no Bloomberg consensus estimates available for several German peers of Allgeier (namely Adesso AG, Realtech AG, and Seven Principles AG). We tried to reduce the influence of individual companies or countries by extending this group to a rather large number of companies. The multiples of this subgroup are weighted at 50% in our multiple-based valuation. Due to the fact that Allgeier has grown into a size and positioning which enable the company to compete with the major internationals for large projects, we also use a peer group of **major players with a market cap above EUR 1bn**, but weight this group only at **25%**. In view of the fact that currently **about 40% of Allgeier Group's permanent staff is located in India**, we also factor in the relatively high multiples of a group of **Indian IT service companies** with a weighting of **25%.**

Capacities in India justify relatively higher multiples for Allgeier

Valuation of Allgeier based on P/E multiples tends to underrate the fair value

Due to the fact that Allgeier **placed a promissory note at the end of last February**, the company currently has a relatively high cash position. After redemption of a EUR 19m loan, Allgeier had a net cash inflow of about EUR 51m which added to the existing cash on hand (EUR 32m at the end of 2011). **This cash will also be used for the acquisition of further companies.** We do not include any future acquisitions in our financial estimates but **assume only a low interest of 0.75% on the company's cash position** in the forecast period. Assuming that Allgeier will use the cash for acquisitions which will generate a much higher overall ROI in the aggregate, this approach appears conservative. However, as we include interest expenses on the promissory notes in our estimates without incorporating an adequate ROI on future investments, our **valuation of Allgeier based on P/E multiples tends to underrate the fair value** of the company. An **EV multiple valuation**, in contrast, is implicitly based on the assumption that the investment of the cash on hand will generate the same return in terms of EBITDA or EBIT as implied by the respective EV multiple. In order to add a conservative touch to our valuation, one third of the multiples used in our valuation are P/E multiples while the rest are EV/EBIT and EV/EBITDA multiples.

Peer group multiples

Company name		P / E			EV / EBIT			EV / EBITDA		
		2012E	2013E	2014E	2012E	2013E	2014E	2012E	2013E	2014E
Allgeier (based on CBSR estimates)		10.0	7.8	6.4	6.3	5.1	4.4	4.0	3.4	3.2
European IT service/consulting companies (market cap below EUR 1bn):										
ALTEN		11.4	10.7	11.8	7.0	6.5	5.6	6.4	5.9	5.3
ALTRAN TECHNOLOGIES SA		10.9	9.3	8.9	7.4	6.5	5.6	6.4	5.6	5.2
ASSYSTEM		9.3	8.8	n.m.	4.9	4.6	n.m.	4.1	3.9	n.m.
BOUVET ASA		10.1	8.7	8.0	6.4	5.5	5.0	5.8	5.0	4.6
CENIT AG		11.8	10.4	n.m.	4.7	3.9	n.m.	3.5	3.1	n.m.
CONNECTA AB		12.0	10.0	8.9	8.4	7.2	6.5	8.0	6.9	6.3
COR&FJA AG		16.4	11.6	n.m.	15.3	10.4	n.m.	7.7	6.1	n.m.
DATAGROUP AG		9.2	7.9	n.m.	7.1	6.2	n.m.	5.6	5.0	n.m.
DEVOTEAM SA		10.2	9.9	8.0	6.1	5.4	n.m.	5.9	5.3	n.m.
ECONOCOM GROUP		9.4	8.2	6.5	8.1	7.5	6.4	7.0	6.6	5.8
EDB ERGOGROUP ASA		8.1	6.3	6.8	8.4	7.2	7.5	5.0	4.5	4.5
GFI INFORMATIQUE		8.3	7.2	n.m.	6.2	5.8	n.m.	5.5	5.0	n.m.
GFT TECHNOLOGIES AG		7.7	8.0	7.7	5.5	4.8	5.0	4.8	4.3	n.m.
GROUPE STERIA SCA		7.5	6.6	5.5	5.9	5.3	4.6	4.6	4.3	n.m.
ITELLIGENCE AG		11.5	10.1	n.m.	10.4	n.m.	n.m.	6.7	n.m.	n.m.
ORDINA NV		16.0	11.6	4.9	30.8	15.7	5.6	7.1	6.0	3.5
OSIATIS		7.7	7.8	n.m.	4.6	4.4	n.m.	4.0	4.0	n.m.
PHOENIX IT GROUP LTD		6.8	6.4	n.m.	7.3	6.9	n.m.	4.4	4.1	n.m.
SOLUCOM		15.1	12.8	n.m.	7.6	6.4	n.m.	6.6	5.7	n.m.
SOPRA GROUP		8.7	7.7	6.6	6.6	6.0	4.9	5.8	5.3	4.2
TIETO OYJ		11.9	10.7	9.8	9.0	8.2	7.5	5.1	4.7	4.5
ADESSO AG		7.0	5.9	n.m.	4.5	3.8	n.m.	3.5	3.3	n.m.
Average		**10.3**	**8.9**	**7.8**	**8.3**	**6.6**	**5.8**	**5.6**	**5.0**	**4.9**
Median	**50.0%**	**9.8**	**8.7**	**7.8**	**7.0**	**6.2**	**5.6**	**5.7**	**5.0**	**4.6**
Major players with market cap above EUR 1bn:										
ATOS		10.9	9.4	8.3	7.0	6.0	5.4	4.1	3.8	3.5
CAP GEMINI		13.4	11.9	10.0	7.2	6.3	5.9	5.5	5.0	4.8
INDRA SISTEMAS SA		9.5	8.7	8.5	8.5	8.0	7.2	7.0	6.6	6.0
LOGICA PLC		8.4	7.6	7.1	7.4	6.7	6.3	5.8	5.4	5.1
Average		**10.6**	**9.4**	**8.5**	**7.5**	**6.8**	**6.2**	**5.6**	**5.2**	**4.8**
Median	**25.0%**	**10.2**	**9.0**	**8.4**	**7.3**	**6.5**	**6.1**	**5.6**	**5.2**	**4.9**
Indian IT service companies:										
INFOSYS LTD		19.3	n.m.	14.8	14.0	12.2	11.0	13.1	11.4	10.2
TATA CONSULTANCY SVCS LTD		n.m.	16.2	n.m.	14.3	12.8	n.m.	13.5	12.1	n.m.
WIPRO LTD		18.8	n.m.	14.5	16.0	13.4	11.9	14.0	11.9	10.6
Average	**25.0%**	**19.0**	**16.2**	**14.6**	**14.7**	**12.8**	**11.5**	**13.5**	**11.8**	**10.4**
Median		**19.0**	**16.2**	**14.6**	**14.3**	**12.8**	**11.5**	**13.5**	**11.9**	**10.4**
Weighted average of peer groups		**12.2**	**10.7**	**9.7**	**9.0**	**7.9**	**7.2**	**7.6**	**6.8**	**6.1**

Source: Bloomberg, CBS Research AG *Multiples based on closing share prices of 12 March 2012*

No adjustment for holding costs

We applied the weighted average of the peer group multiples to our financial estimates for Allgeier. **We see no sense in adjusting our earnings estimates for holding costs**, as these costs will continue to accrue on a going concern basis, and as the holding is also necessary for the forecasted margin increases of the group (realisation of group-internal synergies, economies of scale and reduction of overhead on individual company level). As the **raised funds** from the recent placement of the promissory note and the corresponding **additional financial debt** would currently **offset each other in the calculation of the company's net debt**, **we added the cash position and deducted the financial debt as of 31 December 2011 from the derived 'fair Enterprise Value'** for simplicity reasons.

Our multiple valuation of Allgeier Holding AG resulted in a fair value of equity of EUR 168.8m, corresponding to a **fair value per share of EUR 19.87**.

Fair value per share: EUR 19.87

Multiple-based valuation

EURm, except EPS (EUR)		EPS			EBIT			EBITDA		
		2012E	2013E	2014E	2012E	2013E	2014E	2012E	2013E	2014E
Allgeier Holding AG (estimates by CBSR)		1.18	1.52	1.85	18.3	22.3	26.3	28.4	33.4	35.9
Applied multiples (peer group - weighted average)		12.2	10.7	9.7	9.0	7.9	7.2	7.6	6.8	6.1
Fair Enterprise Value		-	-	-	**164.9**	**176.8**	**189.2**	**217.0**	**225.6**	**219.3**
+ Liquid funds*	32.0									
- Financial debt* incl. pension provisions	-42.0									
- Minority interests*	-4.3									
Fair value of equity from each multiple		**122.2**	**138.3**	**152.0**	**150.6**	**162.5**	**174.9**	**202.7**	**211.3**	**205.0**
Average of derived fair values	**168.8**									
Premium (discount) vs. peer group companies	0%									
Fair value of equity	**168.8**									
Number of shares outstanding (m)	8.5									
Fair value per share (EUR)	**19.87**									

**As the raised funds from the recent placement of a promissory note and the corresponding additional financial debt offset each other in the calculation of the company's net debt, we use the cash and financial debt (incl. pension provisions) of Allgeier as of 31 Dec. 2011 for simplicity reasons.*
Source: CBS Research AG

DCF valuation

Our Discounted Cash Flow (DCF) model is based on the following assumptions:

Assumptions:

Weighted average cost of capital (WACC): We conservatively set the risk-free rate at 3.5%, even though the current long-term yields of German federal bonds are significantly lower. We assumed an equity risk premium of 6.0%, and a long-term debt risk premium of 1.4%. Allgeier´s adjusted historic beta factor as well as the average beta of the peer group companies is 0.8. For the WACC calculation, we nevertheless adopted a higher beta of 1.2. We also assumed a long-term target equity ratio at market values of 80%. These premises lead to a WACC of 9.25%.

WACC: 9.25%

Phase 1 (2012-14E): The free cash flows (FCF) of Phase 1 are derived from our detailed financial forecasts for these years.

Phase 1: Detailed financial forecasts

Phase 2 (2015-21E): For Phase 2, we made more general assumptions. We assumed a lower annual sales growth of 3% as from 2016E and a growth rate of 1.5% in 2021E. We assumed a rise of the company's EBIT margin in 2015E and 2016E due to ending amortisations on assets from purchase price allocations. For the following years we cautiously anticipated stronger competition and margin pressure and allowed the margin to decline to 4.0% in 2021E.

Phase 2: Lower growth rates

Rise and subsequent decline of the EBIT margin

Phase 3: For the calculation of the terminal value, we applied a long-term FCF growth rate of 1.5% which approximates the estimated long-term inflation rate.

Phase 3: 1.5% growth for terminal value

Based on these assumptions, we calculated a fair value of the operating business of EUR 186.9m. We deducted Allgeier's net financial debt. As the raised funds from the recent placement of the promissory note and the corresponding additional financial debt would currently offset each other in the calculation of the company's net debt, we added the cash position and deducted the financial debt as of 31 December 2011 for simplicity reasons. The resulting **fair value of equity is EUR 172.6m**. The **fair value per share amounts to EUR 20.32.**

DCF model results in a fair value per share of EUR 20.32

Discounted Cash Flow Model

	PHASE 1			PHASE 2							PHASE 3
EURm	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	∞
Sales revenues	439.8	484.2	523.0	549.1	565.6	582.5	600.0	618.0	636.6	646.1	
Y-o-Y growth	16.0%	10.1%	8.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	1.5%	
EBIT	18.3	22.3	26.3	28.0	29.4	29.7	28.8	27.8	25.5	25.8	
EBIT margin as % of sales	4.2%	4.6%	5.0%	5.1%	5.2%	5.1%	4.8%	4.5%	4.0%	4.0%	
Income tax on EBIT (cash tax rate)	-6.5	-7.1	-9.5	-8.7	-8.8	-8.9	-8.6	-8.3	-7.6	-7.8	
Depreciation and amortisation	10.2	11.1	9.6	9.6	9.0	6.4	5.4	6.1	5.8	5.8	
Change in net working capital and non-cash income and expenses*	-5.6	-3.1	-2.9	-2.6	-1.7	-1.7	-1.8	-1.8	-1.9	-1.1	
Net capital expenditure incl. earnouts	-7.1	-10.3	-13.6	-6.7	-6.6	-6.6	-6.5	-6.7	-6.5	-5.8	
Free cash flow	**9.3**	**12.9**	**10.0**	**19.7**	**21.3**	**19.0**	**17.3**	**17.0**	**15.3**	**17.0**	
Present values	**8.6**	**10.9**	**7.7**	**13.9**	**13.7**	**11.1**	**9.2**	**8.3**	**6.8**	**6.9**	**89.9**

Present value Phase 1	27.2
Present value Phase 2	69.8
Present value Phase 3	89.9
Total present value	186.9
+ Liquid funds	32.0
- Financial debt** and minority interests	-46.3
Fair value of equity	**172.6**
Number of shares outstanding (m)	8.5
Fair value per share (EUR)	**20.32**

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%	21.88	22.74	23.73	24.87	26.21
	8.75%	20.36	21.08	21.91	22.85	23.94
WACC	**9.25%**	19.01	19.63	**20.32**	21.10	22.01
	9.75%	17.81	18.33	18.92	19.58	20.33
	10.25%	16.73	17.18	17.68	18.24	18.87

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

*** Financial debt incl. pension provisions. As the raised funds from the recent placement of a promissory note and the corresponding additional financial debt offset each other in the calculation of the company's net debt, we use the cash and financial debt of Allgeier as of 31 Dec. 2011 for simplicity reasons.*

Source: CBS Research AG

Short company profile

One of Germany's leading IT consultants

Allgeier Holding AG (in the following referred to as 'Allgeier'), headquartered in Munich, has evolved into **one of Germany's leading IT consultants** by means of a pronounced **value-oriented strategy** in recent years. In 2010, the Group ranked

- 2nd among the German-based medium-sized **IT service providers** (a definition which excludes both foreign companies active in Germany as well as the ITC subsidiaries of Deutsche Telekom AG and Deutsche Lufthansa AG) and
- 2nd among all **IT recruitment companies** in Germany (including foreign companies) (source: Lünendonk Market Segment study 2011).

Holding structure

The Group currently comprises 16 operational companies which are allocated to three business segments (see chart below). Allgeier Holding AG acts as the management holding company within the Group but also has a say in the operative business of the individual subsidiaries.

Business segments and portfolio of services

	IT Solutions	IT Services & Recruiting	Project Solutions
Portfolio:	• Enterprise Resource Planning (ERP) • Enterprise Content Management (ECM) • Security Solutions (E-mail, Electronic Signature, Identity Management) • Data Center Services	• IT and Business Process Consulting • Software Development • Outsourcing/ Managed Services • Staffing & Recruiting of IT Experts • Third Party Management	• Management & IT Consulting • Business Process Consulting • Application Development & Management • Portal Technology • SAP Consulting
Employees:*	>700	>1,700	>1,500
Revenue 2010:	EUR 96m	EUR 165m	EUR 48m
EBITA margin 2010:	5.8%	6.2%	5.8%
	Access to over 1,000 offshore resources focusing on software development in India		

Source: Allgeier Holding AG, CBS Research AG **as of 30/09/2011; incl. freelance IT experts*

Offshore capacities in India represent a major competitive advantage

With a permanent staff of currently more than 2,500 and more than 1,400 freelance IT experts, Allgeier pursues a 'full-service' approach – from planning to the implementation and operation of the customers' IT landscapes. Allgeier's 52 sites in Germany and 23 further sites in Europe (Belgium, France, the Netherlands, Austria, Romania, the Czech Republic and Switzerland), USA, Mexico and India ensure the necessary customer proximity. Since the acquisition of U.S.-based Nagarro Inc. in summer 2011, Allgeier is the only medium-sized German IT group with strong **offshore capacities (>1,000 highly qualified IT experts) in India**. These substantial offshore capacities as well as Allgeier's nearshoring capacities in Eastern Europe can now be combined with locally involved (German-speaking) experts in mixed project teams. On basis of this '**blended shoring'** approach, Allgeier is able to support almost all IT projects from a regional and technical point of view.

Top customer base

Allgeier's customer base comprises more than 2,000 companies. 20 of the TOP 30 companies and 52 of the TOP 100 companies in Germany are Allgeier customers. The customer base includes companies from all sectors, but there is a certain focus on ITC, Financial Services and the Public Sector.

Allgeier Holding to become a SE

At the AGM in June 2011, shareholders **took the decision to** change the legal form of the company into a Societas Europaea (SE). According to the management, this transformation will be registered and become effective in the next few weeks.

Management

Management has an impressive M&A track record

The composition of Allgeier Holding AG's executive board, comprising of two former business consultants and one business lawyer, reflects the strong focus on corporate development and the M&A-oriented strategy of the company. The management has built up an impressive M&A track record and, in particular, proved a keen sense for market developments when selling Allgeier's temping business at a convenient time in the boom phase or pre-crisis period of this business.

Carl Georg Dürschmidt is CEO of Allgeier Holding AG. After studying business economics, he first worked for the family business. In 1985, he joined an international business consultancy, where he was in charge of the strategic advisory of small and medium-sized enterprises. As from 1989, he was working for an investment company which mainly developed participations in German SMEs. After a successful IPO of one of these companies, he joined the Executive Board in 1991. After the foundation of a private investment company together with partners, he was responsible for the development and management of a portfolio of SMEs. In 2001, Mr Dürschmidt and partners took over the block of shares from the founder of Allgeier. Since then. Mr Dürschmidt holds a significant share in Allgeier Holding AG. In October 2003, he joined the Executive Board of the company.

Dr. Holger von Daniels is member of the management board of Allgeier Holding AG since 2008. Before that, he worked for Roland Berger Strategy Consultants as project manager, principal, and finally member of the management board. He was responsible for strategic reorganisations of European small and medium-sized enterprises.

Dr. Marcus Goedsche is member of the management board of Allgeier Holding Holding AG since 2008. Previously he worked as lawyer and partner at the international corporate law firm Beiten Burkhardt in the area of corporate and capital markets law. Before finally joining Allgeier Holding, he accompanied the firm in numerous transactions as external advisor.

Corporate strategy

Evolution

Phases of development

The eventful company history since Allgeier's IPO in the year 2000 can be roughly split into three phases which also reflect the strategic orientation of the group:

Phases in the company's development

2002-2005	2005-2007	Since 2008
Business restructuring and transformation	Strong organic and external growth	Focus lies on the expansion of IT business and Recruiting

Source: Allgeier Holding AG, CBS Research AG

Value- and growth-oriented strategy has been pursued since almost ten years

The first years after the IPO were characterised by continuous restructuring. After the overblown promises of the eBusiness sector had proven deceptive around the turn of the millennium, Allgeier's international expansion strategy in France, the UK and the U.S. proved to be another wrong track and was abandoned in 2001/2002. The takeover of EA Group in the year 2002 marked both the entrance in the business segment Basic Technology (power supplies) and the beginning of Allgeier's **value- and growth-oriented strategy** (systematic M&A activities combined with organic growth and the realisation of synergies within the Group).

Company history

Year	Selected milestones
1977	▪ Foundation of the company as Allgeier Computer GmbH
2000	▪ IPO and listing of Allgeier Computer AG on Frankfurt Stock Exchange (Neuer Markt segment) ▪ Strategic reorientation back to original core competencies (DSM, ERP) instead of eCommerce focus ▪ Intensified international expansion in UK, France, and USA
2001	▪ Changes in the shareholder structure and in the company business ▪ Disposal of the US subsidiary
2002	▪ Introduction of a holding structure (spin-off of the **IT Solutions** business into a subsidiary) ▪ **Buy-and-Build strategy** is adopted and pursued over the following years ▪ Acquisition of a majority share in **EA Group** (**new business segment 'Basic Technology**') ▪ Sale of the subsidiaries in UK and France
2003	▪ Renaming into Allgeier Holding AG ▪ Continuous restructuring of the IT business
2004	▪ Abandonment of the telecom business field in the Basic Technology segment ▪ **Expansion into IT services** via the acquisition of **GFU** and **ICC** (IT segment = IT solutions & services)
2005	▪ Acquisition of **BOG** assets and of an 80% share in **Softcon AG**; the Softcon acquisition marks the extension of the services and developing business for complex IT applications ▪ **Entrance into temping services** (new segment ,Personal Services') via acquisition of MR / IP Group ▪ **Exit from the Basic Technology business** at the turn of the year
2006	▪ Acquisition of **U.N.P. Software** and of an 80% share in **mgm technology partners** (both IT segment) ▪ Majority participation in **Goetzfried AG** (service provider for recruiting and management of IT experts and engineers); **acquisition of several companies in the Temping Services segment**
2007	▪ **Four further acquisitions in the Temping Services segment**; Allgeier ranges among the top 10 temporary staffing firms in Germany. The Group has 8,921 employees and 32 operating companies ▪ A dual track process for either a sale or IPO of the Temping Services division is started
2008	▪ **Sale of the temping services business** to USG People N.V., Netherlands ▪ Acquisition of **TOPjects AG**, **IXTRA AG** (both IT Services), and **Next Group** (Staffing & Recruiting).
2009	▪ Acquisition of **Comparex** assets (Allgeier Data Center Services GmbH) and of **Solveos GmbH**
2010	▪ Acquisition of **DIDAS AG**; expansion of portfolio with system consulting, field services, SAP services ▪ Acquisition of **BSR & Partner**, Switzerland; expansion into data storage, back-up/archiving software ▪ Acquisition of **Terna Group**, Innsbruck; positioning in Austria, competence extension in ERP solutions
2011	▪ Acquisition of **Gemed**, Ulm, and positioning in the health care market ▪ Acquisition of the software developer **Nagarro Inc.**, US. Market entrance in US, Mexico, India, Sweden ▪ Acquisition of the SharePoint expert **1eEurope**, Switzerland ▪ Takeover of the business division **IPS Informations- und Prozesssyteme** of MCE Computer Perepherie GmbH as well as main businesses of **BSH Systemhaus GmbH** ▪ Takeover of the business of the German **CREALOGIX ERP AG** by Allgeier subsidiary Terna GmbH
2012	▪ Takeover (asset deal) of the business of Intraprend Gesellschaft für Intranet Anwendungsentwicklung mbH including the ERP (cloud) solution Cierp3; entrance into the SaaS market

Source: Allgeier Holding AG, CBS Research AG

Expansion into IT services

In 2004, the IT business segment, which previously had concentrated on IT solutions, was complemented by the takeover of two **IT service** providers.

Aggressive build-up of the temping business...

In 2005, Allgeier **abandoned the Basic Technology** business and **entered the temping services sector** by acquisition of MR / IP Group. The return to profitability in 2005 also marked the beginning of a **phase of strong external and organic growth**. In 2006 and 2007, Allgeier bought a considerable number of other temping agencies and **became one of the top 10 temporary staffing firms in Germany**. In 2007, sales revenues of the 'Personal Services' division (temping and staffing services) reached EUR 204m on a pro forma basis. In the same year, Allgeier's management came to the conclusion that the IT market's development would require a bigger critical company size which Allgeier would not be able to reach with this group structure due to financing restrictions. A dual track process for either an IPO or a sale of the temping business was started. In February 2008 (at a rather convenient time in the boom phase or pre-crisis period), Allgeier **sold the temping business** to USG People N.V. This deal generated an EBT contribution of EUR 82.6m and a **cash inflow of EUR 103.7m in FY 2008**. In the following years Allgeier used this cash to massively expand the volume and scope of the Group's IT business in order **to gain critical size,** and for a bonus dividend.

...and very profitable sale of this business enabled Allgeier's subsequent rise to one of Germany's leading IT consultancy and service companies

Current strategic orientation

Allgeier enables flexible business structures

Allgeier continuously reviews the Group's business path and performance and is always ready to quickly seize new growth opportunities. The strategic focus, however, will remain on the booming market for **services designed to make job and cost structures more flexible**. Especially in economically difficult times, the need for flexible business structures will rise continually. In this context, the following points constitute the core of Allgeier's strategy:

Strategic cornerstones

- Continue to expand by promoting **internal growth** and with strictly selective, value-adding **acquisitions** in the services sector
- Further intensify collaboration between Group companies and **increase synergies**
- Continue the **full-service** strategy – while developing high-margin fields of activity and **winning further major projects** to raise capacity utilisation
- Expand the Group's **nationwide presence**, gradually expand **international** business
- Invest in the **skills** of the employees

Investment/M&A strategy and Management Philosophy

Acquisition strategy will be continued

Allgeier is **planning to carry on with its successful M&A strategy** in the coming years and continue to play an active role in the consolidation of the **still highly fragmented market** for IT services. In 2008 (no newer figures from the Federal Bureau of Statistics are available), there were more than 70,000 Software & IT-Service companies in Germany, 6,000 of which featured a yearly sales volume of >EUR 1m, but only 18 of which exceeded sales of EUR 250m p.a. There are **still a large number of potential acquisition targets** which can complement and/or strengthen Allgeier's technological expertise and customer base.

Market is still highly fragmented

Acquisition of assets out of insolvencies can offer high ROI potential

In the past, Allgeier has also taken over **assets/business fields from insolvent companies**, namely from Comparex Services GmbH in 2009, from MCE Computer Peripherie GmbH in January 2011 and from BSH Systemhaus GmbH in February

2011. As this kind of acquisition ties up relatively high management capacities, it will most likely remain rather the exception than the rule, even though the potential for high ROI's can be high in such cases.

Since the sale of the temping business in February 2008, Allgeier has made the following **acquisitions:**

Acquisitions since 2008*

Company name	Acquired stake	Date of first consolidation	Fixed purchase price component	Variable purchase price components (earnout)**	Sales of the acquired company	Number of employees taken over (ca.)	Segment allocation (originally)
TOPjects AG	100%	01-Aug-08	n/a	n/a	EUR 28.7m (2008)	250 (2008)	IT Services
Ixtra AG	100% of outstan-ding shares	01-Sep-08	Total purchase price in the mid single-digit million euro range including earnout component		EUR 12m (2008)	>110 (2008)	IT Services
Next Group	100%	ca. 1-Jan-08	Total purchase price in the upper single-digit million euro range including earnout comp.		EUR 20.7m (2008)	250 (2008)	Staffing & Recruiting
Comparex Group (only certain assets)	-	30-Sep-09	EUR 0.9m	-	n/a	n/a	IT Solutions
a&o communications + services GmbH (SPVs renamed into Solveos)	100% + additional assets	31-Oct-09	EUR 1.3m	-	n/a	n/a	IT Solutions
DIDAS AG	100%	31-Dec-09	EUR 3.2m	EUR 2.3m	EUR 30m (2008)	120	IT Solutions
BSR & Partner AG, Switzerland	75%	31-May-10	CHF 10.1m (EUR 7.1m)	CHF 1.5m (EUR 1.1m)	CHF 25m (2009)	41 incl. Freelancers	IT Solutions
Terna Holding GmbH, Austria (incl. subsidiaries)	100%	31-Jul-10	EUR 4.2m	EUR 4.5m	EUR 10m (2009)	ca. 90 (2009)	IT Solutions
IPS Informations- und Prozesssysteme (assets/ business division of MCE Computer Peripherie GmbH)	-	01-Jan-11	EUR 0.1m	n/a	n/a	n/a	IT Solutions
Crealogix ERP AG (assets)	-	01-Feb-11	EUR 0.1m	n/a	n/a	n/a	IT Solutions
BSH Systemhaus GmbH (assets)	-	01-Feb-11	EUR 0.2m	n/a	n/a	>50	IT Solutions
1eEurope (Switzerland) AG, Switzerland	100%	01-Jun-11	CHF 9.3m	CHF 2.7m	CHF 10m (2010)	60	IT Solutions
bitaro (assets)	-	ca. Jul-11	n/a	n/a	n/a	n/a	Project Solutions
Nagarro Inc., USA	100%	ca. 1-Aug-11	Fixed purchase price in the low 2-digit million euro range; total price incl. Earnout may rise to some-where in the mid-2-digit million euro price range		USD 22m in 2010, up to USD 30m in 2011E	840 (2010)	Project Solutions
GEMED GmbH	100%	ca. 1-Sep-11	n/a	n/a	EUR 3m (2010)	n/a	IT Solutions
Intraprend Gesellschaft für Intranet Anwendungsent-wicklung mbH (assets)	-	01-Dec-11	n/a	n/a	n/a	n/a	IT Solutions
SKYTEC AG	>50%	01-Apr-12	n/a	n/a	EUR 8.6m (2010)	>70	IT Solutions

**Reported data. Our estimates on individual purchase prices paid in 2011 are given in the Financials section of this document.*
***Variable purchase price components from earnout agreements. The amounts to be paid later on depend on the achievement of specified targets.*
Source: Allgeier Holding AG, CBS Research AG

Allgeier's philosophy: an intersection of two worlds

Allgeier's holding structure combines the **advantages** of decentralised mid-sized business units driven by a strong sense of entrepreneurial spirit with the power of a strong and listed group. The holding itself is lean, with only 10 employees including the Executive Board members. Allgeier Holding AG does not only perform pure holding functions but is also involved in the operational business of the subsidiaries. The holding integrates the group companies into a strong unit with a high delivery capability.

Value-oriented integration of subsidiaries

Strengthening of synergies and cross-selling activities

Allgeier's strategy aims at increasing **synergies** and **cross-selling** activities within the group. We also expect a further consolidation of sub-brands and subsidiaries. The sales force of the subsidiaries, for instance, will presumably realise over time that the joint acquisition of larger orders is easier under a common strong brand and will therefore promote this idea. A **reduced number of powerful new, joint units** are easier to manage and can operate more successfully on the market. Within the group, **three mergers have been executed just lately:**

Consolidation of subsidaries

- GFU Kiefer + Partner GmbH and Ixtra AG merged in 2010; the company now operates under the name of **Xiopia GmbH**. Besides other things, better use is now made of portfolio and customer synergies.
- In the IT Services & Recruiting segment, Goetzfried AG and Next GmbH, merged under the name of **Goetzfried AG**. The merger allows for a better use of their joint potentials and resources. The company is now able to provide all services from a single source: consulting, planning, recruiting, the implementation of IT projects and the subsequent operation.
- DIDAS und Solveos joined forces under the name of **DIDAS Business Services GmbH** effective 1 January 2012. Both companies' portfolios and geographic footprints complement each other very well.

Going for larger contracts and outsourcing clients

Allgeier has gained critical size to go for larger projects

It is a central point in the Group's strategy **to win more and more comprehensive, large contracts** in the future. This strategy corresponds to the market trend towards IT vendor consolidation on the customer side. In recent years, large and medium-sized **companies have systematically reduced the number of their IT suppliers**, assigning much bigger jobs to the chosen few cooperation partners/preferred suppliers. The size of the supplier, a related low level of default risk, and a broad range of services, are important criteria when selecting future cooperation partners. The management of Allgeier had recognized this trend and the need for a critical company size rather soon. But it still took Allgeier a few years of rapid growth to build up a **full-service offer and the necessary manpower**, including significant near- and off-shore capacities. According to company information, Allgeier has already won several large contracts and has not lost any of them so far.

Allgeier also targets the outsourcing market

The management states that Allgeier is also **targeting the outsourcing market**, or at least the segment of small to medium-sized outsourcing transactions. We believe that Allgeier stands a particularly good chance to win out over large international competitors (Accenture, IBM, Capgemini, Tieto) in the **mid-sized company sector** and in the **Landesbanken sector** (regional state banks). In this market segments, employees' resistance against an outsourcing to, for instance, some big U.S. player or a large captive like T-Systems will be rather high. In the case of the Landesbanken, which have received substantial aid from the state, we assume that they will prefer German service providers also for political reasons while the major banks tend to choose Indian providers.

Larger orders to spur organic growth and capacity utilisation

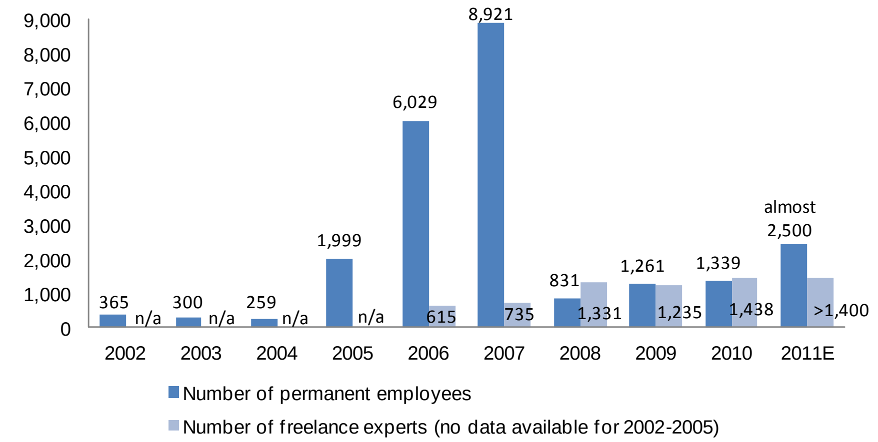
We believe that a large part of Allgeier's future organic growth will be realised by just getting **larger order sizes from the existing customer bas**e. Bigger project sizes also allow for **higher capacity utilisation and higher margins**, even though we expect price competition for such large order to increase further.

Freelancers play an important role in Allgeier's business model

High share of freelancers

In comparison to most other IT service companies, Allgeier's business model features a **very high share of freelancers** in proportion to the Group's permanent employees. This is mainly due to the **Expert Leasing business** of Allgeier's subsidiary Goetzfried AG which results in relatively high cost of materials/purchased services and relatively low personnel expenses. While the **margins of this business with freelancers are rather low**, this business is **relatively risk-free and also creates cross-selling opportunities** for the Group's other services. Allgeier's sale of the temping services division is reflected in the development of the Group's number of permanent employees which dropped from 8,921 to 831 in 2008 (see chart below).

Number of employees at the end of each period



Source: Allgeier Holding AG, CBS Research AG

Low staff fluctuation

Allgeier's management states that **staff fluctuation is relatively low** (only 5-7%) due to the fact that employees feel more at home in the SME environment of the Group companies. This is an excellent value in comparison to an average rate of around 20% in the IT consulting sector (source: BDU, 2011). In the crisis year 2009, Allgeier **counter-cyclically increased the number of permanent employees**. The management intends to persist with this counter-cyclical strategy which, in our view, appears **appropriate to cope with the shortage of qualified staff** in the market.

Counter-cyclical recruitment policy

Customer structure

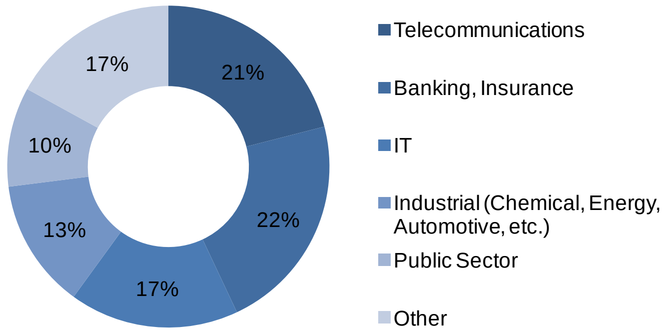
Some emphasis is on ITC, Financial Services and the Public Sector

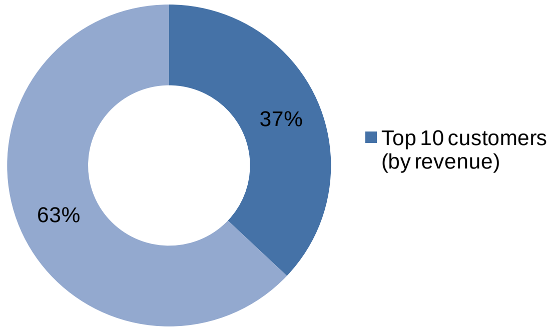
Allgeier's customer base comprises more than 2,000 companies. 20 of the TOP 30 companies and 52 of the TOP 100 companies in Germany are Allgeier customers. The customer base includes companies from all sectors, but there is a certain focus on ITC, Financial Services and the Public Sector.

Identified growth sectors

Allgeier's management states that Allgeier currently expects the **strongest growth in the sectors Banking/Insurance, Health Care, Utilities, and certain specialist industries**. According to the management, demand from the banking industry should not be strongly affected by the banking crisis since the need for investment has grown so much.

Customer structure by revenue FY 2011





Source: Allgeier Holding AG, CBS Research AG

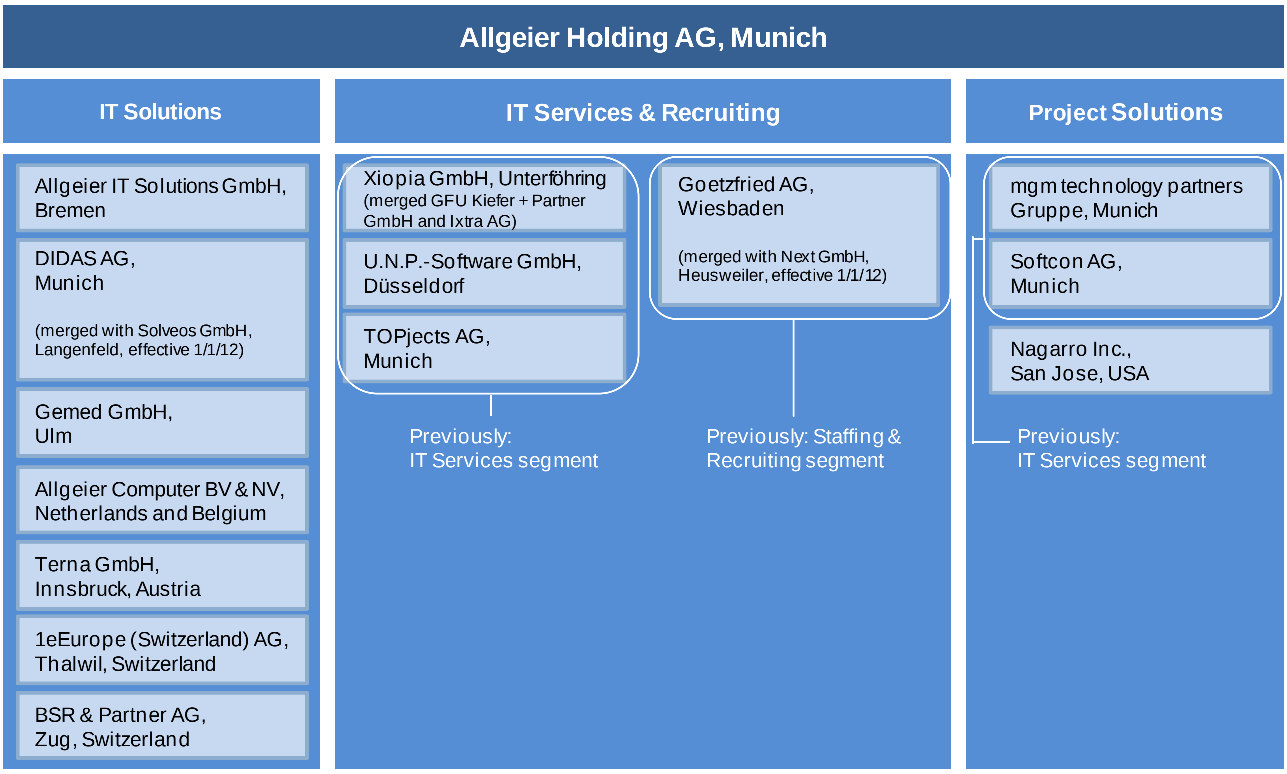
Business segments

New business segment: Project Solutions

With effect from 1 January 2011, the Group's **segment reporting changed**. With the restructuring, Allgeier aimed at achieving a more homogeneous business segmentation and optimised internal collaboration as well as a more transparent presentation of the portfolio to investors. Only the IT Solutions division remained as it was while the IT Services division and the Staffing & Recruiting segment were reshaped. Two companies from the former IT Services segment, mgm technology partners and Softcon, as well as newly acquired Nagarro Inc. were allocated to the **new Project Solutions segment**. This new division deals with complex projects with a focus on Management & IT Consulting, Business Process Consulting, Application Management, Portal Technology and SAP Consulting. The **IT Services division was merged with Staffing & Recruiting** under the name IT Services & Recruiting. This seems to make sense, as IT Services und Recruiting had always worked hand in glove and had been difficult to separate from one another for reporting purposes. Consequently, Goetzfried AG and Next GmbH have been merged under the name of Goetzfried AG effective 1 January 2012.

IT Services merged with Staffing & Recruiting

Operational companies of the business segments



Source: Allgeier Holding AG, CBS Research AG

IT Solutions

IT Solutions product portfolio

The Group companies of Allgeier's IT Solutions division provide proprietary and standard software and related consulting services in the fields of

- **Enterprise Resource Planning (ERP):** Allgeier provides internationally leading solutions (SAP, Microsoft Dynamics AX and NAV, Lawson M3) as well as its own product **Syntona logic** which is the leading software solution in Germany for the wood and building materials industry.

- **Enterprise Content Management (ECM):** Allgeier's scanview solution and Scan services provide customers in the area of ECM with extensive capability to manage information, documents and processes. Allgeier DMS Solution, with sites in Belgium, Netherlands, and Cyprus, is a **market leader for documents management systems (DMS) in the Benelux**, according to Allgeier.
- **Security Solutions**: Allgeier protects processes and communication platforms with its own **JULIA MailOffice** and **Wednesday** security solutions (email, Electronic Signature) and **identity management** concepts.
- **Data Center Services**: from server maintenance services to the planning and realisation of system platform changes.
- design and implementation of sustainable **IT architectures**.

IT Solutions: Short company profiles

Company name:	Business focus:
1eEurope	1eEurope offers software solutions/concepts in the areas of Internet, Intranet, eGovernment, eCommerce, Collaboration (e.g. SharePoint) and business Intelligence.
Allgeier DMS Solution (B, NL, Cyprus)	Allgeier DMS Solution is a market leader for documents management systems (DMS) in the Benelux.
Allgeier IT Solutions GmbH	With numerous successful installations and approx. 600 mid-sized customers, Allgeier IT Solutions GmbH is a leading manufacturer of ECM-, ERP-, security- and infrastructure solutions.
BSR & Partner AG	BSR & Partner AG one of the leading medium-sized IT service providers in Switzerland. The Company specializes in data storage solutions and IT services.
DIDAS AG / Solveos IT Solutions GmbH (recently merged)	DIDAS AG is an IT service provider headquartered in Munich and subsidiaries all over Germany. DIDAS offers system consulting, field services and SAP services. Solveos offers beside ready to use and branch-specific IT solutions the whole service cycle of technology and process consultation as well as analysis, concept and implementing of comprehensive IT architectures up to operating IT
GEMED	GEMED offers a comprehensive service package for solutions which cover all medical processes and control functions. In particular, GEMED develops, produces and implements modular Picture Archiving and Communication Systems (PACS) and Radiology Information systems (RIS) which are used in hospitals, radiology units and orthopaedic centres.
SKYTEC AG	The company is based in Oberhaching and offers solutions in the fields of Automotive, SCADA Facility Management, innovations/idea management and Business Intelligence.
Terna GmbH (incl. assets of Crealogix ERP AG)	Terna is focused on sales and implementation of the leading ERP software solutions Microsoft Dynamics AX and Lawson M3. Complementing terna's previous industry-specific developments of Dynamics AX for the process industry, for discrete manufacturing as well as for the trade sector, the acquisition of assets from Crealogix ERP AG provided terna with industry solutions for print & packaging, food & beverages, electronics, associations as well as consulting know-how.

Source: Allgeier Holding AG, CBS Research AG

IT Solutions strengthened by recent acquisitions

ERP portfolio recently expanded by several acquisitions

The core of the Group's IT Solutions division is represented by **Allgeier IT Solutions GmbH** which is a leading manufacturer of ECM-, ERP-, security- and infrastructure solutions with approx. 600 mid-sized customers. The Group's **ERP activities** were significantly expanded by the takeover of the Austrian terna Group in summer 2010. In January 2011, terna in turn acquired assets of **Crealogix** ERP AG including additional industry-specific Dynamics AX solutions as well as specific consulting know-how in the individual segments. In May 2011, Allgeier purchased all shares in **1eEurope AG**, one of the leading providers of collaboration solutions (e.g. SharePoint) for medium-sized and large enterprises inSwitzerland.

Takeover of Swiss SharePoint specialist

Expansion of Allgeier's positioning in the health care market

Another recent acquisition, the **purchase of GEMED GmbH** in August 2011, significantly expanded Allgeier's positioning in the health care market. GEMED offers a comprehensive service package for solutions which cover all medical processes and control functions. Allgeier already serves some 100 hospitals and medical care centres in Germany, Austria and Switzerland with IT infrastructure service and IT security products. Allgeier's document management software Scanview is used in more than 40 clinics in Germany. What is more, Allgeier's 'Medical Viewer' is an innovative concept for electronic patient records. The **synergies resulting from the acquisition are striking**: Combined with GEMED's knowledge and solutions, Allgeier will round off the portfolio they offer to the healthcare market, putting them in a position to act as a **full service provider for clinics**. By joining Allgeier Group, GEMED is gaining access to Allgeier's large customer base, and will therefore be able to substantially extend their range of services.

Strong synergies

The latest takeover, a **majority share** in **SKYTEC AG**, was announced at the end of last February and will become effective 1. April 2012. According to the last published annual report, the company's sales amounted to EUR 8.6m in FY 2010 and were expected to increase to EUR 9.6m in FY 2011. After losses in 2009 and 2010, the management targeted the turnaround in 2011. Allgeier disclosed neither the size of their future shareholding nor the dimension of the purchase price.

SKYTEC AG: Majority takeover effective 1 April 2012

Cloud Computing comes to the fore

Allgeier's own solutions (scanview, syntona, the warehousing and information system Allgeier ILM and JULIA MailOffice) as well as Allgeier's **Dynamics NAV industry solutions** can also be provided **on basis of SaaS** (Software-as-a-Service) which is a service model of **Cloud Computing**. In January 2012, Allgeier IT Solutions GmbH additionally took over the business activities of Intraprend Gesellschaft für Intranet Anwendungsentwicklung mbH including the **SaaS-enabled ERP solution Cierp3.**

Solutions are SaaS-enabled

Even though some of the great expectations previously placed on **Cloud Computing** might be overdone, we nevertheless expect it **to play a more and more central role for Allgeier** and the entire IT industry (see also section 'Market environment and outlook' in this document). It also brings along a lot of **security and compliance issues with related jobs for Allgeier**, especially in sectors with sensitive data (like banks). For instance, Allgeier is one of just a few providers in Germany offering secure Cloud-based email solutions (based on Allgeier's own security solution JULIA MailOffice) and also has a lot of experience in data center operation to ensure corporate email security in the Cloud.

Cloud Computing to play a more and more central role

IT Services & Recruiting

With effect from 1 January 2011, the IT Services division was merged with the Staffing & Recruiting division under the name IT Services & Recruiting, and Goetzfried AG and Next GmbH have been merged under the name of Goetzfried. IT Services & Recruiting, which **now represents Allgeiers largest division** in terms of sales, covers **IT and Business Process Consulting, Software Development and Outsourcing/Managed Services**.

Allgeiers largest division in terms of sales

Allgeier's **IT Services business was significantly expanded in 2008** by the takeover of TOPjects AG, Ixtra AG, and Next Group. Since then, no further acquisitions have been made in this business segment.

No recent acquisitions

IT Services & Recruiting: Short company profiles

Company name:	Business focus:
Goetzfried AG / Next GmbH (recently merged)	Goetzfried AG is a full-service provider for locating, recruiting and managing specialists and managers for IT and engineering. Next GmbH develops, implements and operates complex, heterogeneous IT infra-structure solutions throughout Germany in line with ITIL-conform process quality.
TOPjects AG	TOPjects AG is an IT service provider that specializes in the financial services and telecommunications industries as well as in topics dealing with business intelligence and application management.
U.N.P – Software GmbH	U.N.P.-Software GmbH is based in Düsseldorf and is an IT service provider. The company focuses on supporting clients in all areas of information technology.
Xiopia GmbH	Xiopia was founded by the merger of GFU Kiefer + Partner GmbH and Ixtra AG. It designs, realizes and maintains software- and infrastructure-Solutions.

Source: Allgeier Holding AG, CBS Research AG

Goetzfried positioned as a strong unit in the consolidating IT services market

We assume that the **former 'Staffing & Recruiting' business** (sales of EUR 96.7m in FY 2010) dominates the new IT Services & Recruiting division, as two companies from the former IT Services segment, mgm technology partners and Softcon, were allocated to the new Project Solutions segment. In 2010, **Goetzfried AG ranked 2nd among all IT recruitment companies in Germany** (source: Lünendonk market segment study 2011), offering Expert Leasing, Personnel Consulting & Recruiting (also on basis of a web-based recruiting search engine), and Third Party Management. After the merger with Next GmbH, Goetzfried AG employs more than 1,200 freelancers and permanent employees. Due to the integration of both recruiting networks, Goetzfried now has access to more than 70,000 IT specialists and engineers to serve its first class customer base (clients such as dataport, Telekom Deutschland GmbH, KfW, Westdeutscher Rundfunk and SEB).

Project Solutions

High-end expertise

The new Project Solutions division deals with **complex projects** with a focus on Management & IT Consulting, Business Process Consulting, Application Management, Portal Technology and SAP Consulting. mgm technology partners notably also employs about **50 pure management consultants** and therefore really combines **strong expertise both in Management Consulting and IT Consulting**. Almost all experts employed in the Project Solutions division work on a permanent basis and regularly earn above-average daily rates due to the high-end character of the projects.

Project Solutions: Short company profiles

Company name:	Business focus:
mgm technology partners GmbH	mgm technology partners is a systems solutions provider that specializes in developing and implementing innovative system solutions.
Nagarro Inc.	High-End software developer in the field of tailored software solutions. Nagarro builds complex, business-critical products and applications that help companies meet their core business goals and gain competitive advantage.
Softcon AG / Softcon IT-Services S.R.L.	The business activities comprise beside the complete planning the integration of individual solutions (also standard software) in an existing company concept as well as the disposition to adopt the entire responsibility at implementation. Softcon IT-Services S.R.L in Romania is the nearshoring development site of Softcon AG.

Source: Allgeier Holding AG, CBS Research AG

Acquisition of Nagarro was an important milestone

In July 2011, Allgeier acquired all shares in **Nagarro Inc.,** a high-end software service provider headquartered in the Silicon Valley, USA. Nagarro, develops tailored software solutions for major corporations in the U.S. and Europe which bank on Nagarro's expertise and reliability in providing and developing key internal applications. The company has subsidiaries in India, Germany, Sweden, and Mexico. The number of employees amounted to 840 in 2010 but, according to Allgeier, has meanwhile significantly increased. In acquiring Nagarro, Allgeier gains **access to more than 1,000 highly qualified IT experts in India**. This will help Allgeier to handle the predicted shortfall in IT experts in the German-speaking countries and to improve cost competitiveness. These substantial offshore capacities as well as Allgeier's nearshoring capacities in Eastern Europe can now be combined with locally involved (German-speaking) experts in mixed project teams. On basis of this '**blended shoring'** approach, Allgeier is able to support almost all IT projects from a regional and technical point of view and can also offer a 24/7 service availability to its application management customers. The managements states that all of the three group divisions are supposed to use the services of the Indian workforce in the future.

Significant competitive advantages from offshore capacities

Since this acquisition, Allgeier is **the only medium-sized German IT group with significant offshore capacities in India**. This provides Allgeier with significant **competitive advantages**. Nagarro achieved revenues of ca. USD 22m in 2010. For 2011, a strong sales growth of 35% to approx. USD 30m had been anticipated. The company has generated positive earnings and stable growth for years.

Market environment and outlook

As Allgeier Group generates the largest part of its revenue in Germany, we will mainly concentrate on the German market in the following, only having a short look on the European IT market forecasts.

We concentrate on the German market

Economic uncertainties still persist

The strong growth of 3% in 2011 can be misleading in terms of the fact that the **German economy** has fallen towards the end of the year and faced a more challenging environment. Compared with 3Q 2011, Germany's GDP decreased by 0.2% in 4Q 2011 after adjustment for price, seasonal and calendar variations. At the beginning of 2012, however, the economic sentiment has improved again significantly despite the ongoing sovereign debt crisis, although the economic outlook for 2012 is still controversial. Several leading indicators (e.g. the Ifo Business Climate Index or the ZEW index) lately suggested an end to the phase of economic weakness. Currently we do **expect for 2012 at least a modest growth in Germany** and **stagnation in the euro zone**. However, regarding the debt crisis, it is way too soon to give an all-clear signal despite the approval of the government and parliament in Greece to more drastic cost-cutting measures. In addition, further geopolitical risks are associated with the Iranian nuclear program.

Economic outlook for Germany has recently improved...

...but is subject to high risk

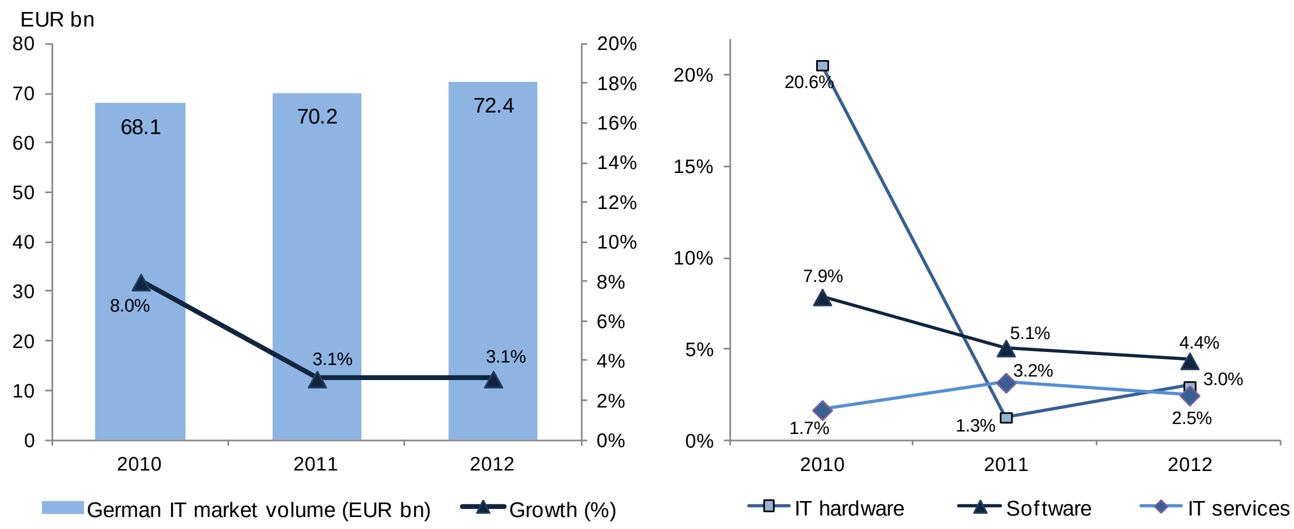
IT market outlook – Germany

In Germany, the **IT sector** is going to show the largest growth of all ICT market sectors (IT, Telecom, CE), with an expected 3.1% increase in 2012 (source: BITKOM, March 2012). Particularly the **software** segment has been reaching high sales growth for years and is expected to grow by 4.4% in 2012 up to just under EUR 17bn in 2012 (see chart below). **IT services** are expected to grow by 2.5% to EUR 34.9bn in 2012, **in particular driven by outsourcing and cloud computing**. According to BITKOM, Cloud computing remains the most important trend in terms of technology and market, followed by apps and security solutions. Social media is also gaining a significant position in business environments. The **top 10 mid-sized IT service and consulting companies**, however, **expect to outperform total market growth significantly,** on average forecasting an annual sales growth of **10.5% for 2011-2016** (source: Lünendonk 2011).

Growth for the German IT market expected

Top 10 mid-sized players to grow much stronger

German IT market volume and expected growth for the market segments

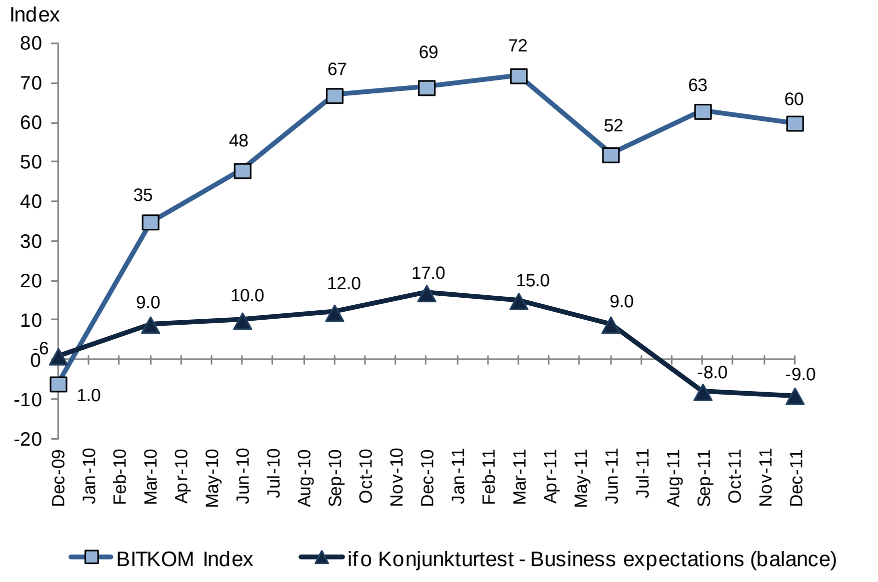


Source: BITKOM (March 2012)

Optimistic start into 2012

The latest **BITKOM index**, which shows the sales expectations of the companies on a quarterly basis, amounted to 60 points and relatively outperformed the Ifo index for the overall economy in 4Q 2011. Around the start of 2012, almost 75% of all ICT companies surveyed by BITKOM reported higher incoming orders than one year before, and the recent signs for a moderate economic upswing in the course of 2012 should have further added to their optimism.

BITKOM-Index: Balance of sales expectations for 4Q 2011



Source: BITKOM, CBS Research AG

Relatively stronger market growth in the SME segment expected

According to IDC, large companies are still the most important customer group for IT services on the German market, accounting for more than a half of its volume. This customer segment, however, has long since perceived the large benefit of external IT services and made extensive use of them. For this reason, IDC already perceives some market saturation effects in this customer segment. On the contrary, a **considerable growth of demand coming from medium-sized companies is observable** so that this segment is becoming increasingly important for IT service providers. In our view, **Allgeier is very well positioned in this market segment and has a strong customer base**.

IT market outlook – Europe

IT market forecasts for Europe show an uneven picture

The uncertainties arising from the overall economic climate are also reflected in the partly inconsistent forecasts for the European IT market. These inconsistencies might also be due to the fact that the development of the individual national markets might differ greatly due to the different potential impact of the debt crisis on public IT spending. According to **EITO**, the European IT market is expected to grow again by 2.7% in 2012 to EUR 320bn, after declining marginally in 2011 by 0.6%. This growth is supposed to be mainly driven by demand for software. Revenues from system software and applications are expected to increase by 4.6% in excess of EUR 70bn. According to **Gartner**, however, IT spending in Western Europe will decline 0.7% in 2012 due to the uncertainty caused by the eurozone crisis. For the eurozone, Gartner forecasts that the corporate sector and the public sector together will spend only 1.5% more on IT than in 2011. Gartner puts the IT spending of the public sector at 20% of total IT spending in Western Europe, seeing the risk of spending cuts due to the credit crisis. **IDC** predicts that IT spending growth in Europe will be less than 1% this year and only 3% in 2013.

German market for Recruiting & Staffing

Strong growth drivers

For Allgeier, and particularly for its subsidiary Goetzfried AG, the market for recruiting, staffing and managing of freelance IT expert is an important sub-segment of the IT market. The **above average growth of his market segment** is driven by

- a shortage of skilled professionals in Germany (at least outside periods of economic weakness)
- a high structural need for flexibility in German companies (risks from permanent employees/worker protection in a recession, temporary/project-related need for special know-how)
- a stronger focus of customers on the IT providers' ability to supply (IT consultancies and service providers therefore more frequently use temporarily and quickly available freelance IT experts)
- a strong trend towards IT vendor consolidation and Third Party Management Services (Third Party Management: an intermediary service provider assumes the selection of and communication with the subcontractors, contract negotiation and administration, monitoring of Service Level Agreements and Key Performance Indicators, and reporting to the customer).

Vendor consolidation: a transformative market trend

The **trend towards IT vendor consolidation** has brought substantial changes to the IT market structure. In recent years, large and medium-sized companies have systematically **reduced the number of their IT suppliers**, assigning much bigger jobs to a chosen few providers. Nowadays, non-strategic providers (usually small IT service companies and freelancers) are often subject to **Third Party Management** agreements (as offered by Allgeier) and thus lose their direct customer access. IT vendor consolidation can result in high **cost reductions** due to less administration, less interfaces between customer and service provider, more standardisation/ optimisation, and simplified monitoring (source: PAC 2010). Henkel, for instance, reduced the number of the Group's direct IT suppliers from about 120 to only three. Other prominent examples are Phillips and BP.

Cost reduction is the main intention

Above average market growth is expected

According to a sector study by Lünendonk issued in 2011, the service providers in the field of recruiting, staffing and managing of freelance IT experts active in Germany expected a growth of their market segment of 15.1% for 2011 (after 15.5% in 2010). **For the period 2011-2016, they expected a CAGR of 12.3%** (source: Lünendonk Marktsegmentstudie 2011 – Der Markt für Rekrutierung, Vermittlung und Steuerung freiberuflicher IT-Experten in Deutschland). Even though this survey might be somewhat outdated by now, it clearly shows that growth expectations in this market segment are **significantly above the growth expectations for the total IT market.**

Excursus: Cloud Computing – not only a buzzword

Short excursion into Cloud Computing

Much has been written about **Cloud Computing**, so we confine ourselves to only a **short excursion into the subject**. Of all existing definitions of Cloud Computing, we choose one given by the National Institute of Science and Technology: 'Cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction.' Furthermore, Cloud computing can be seen as the convergence of three sub-technologies or sub-trends, namely virtualisation, utility computing and Software-as-a-Service (SaaS). Cloud Solutions typically are billed on a utility basis (customers pay only for resources that they use) and enable customers to switch on or off functions and modules just as needed.

Numerous benefits

Major **benefits of Cloud Computing** result from lower operating costs, lower IT overhead costs, and immediate access to a broad range of applications without investing in expensive IT infrastructure. Besides avoiding the risk of technological change or obsolescence, clients' resources can be directed away from IT maintenance toward operation related tasks. Cloud computing can enable higher failure safety and access security. Complete scalability makes cloud computing extremely interesting for fast growing companies. And mobile devices can always access the centrally stored data as well as the latest version of each application.

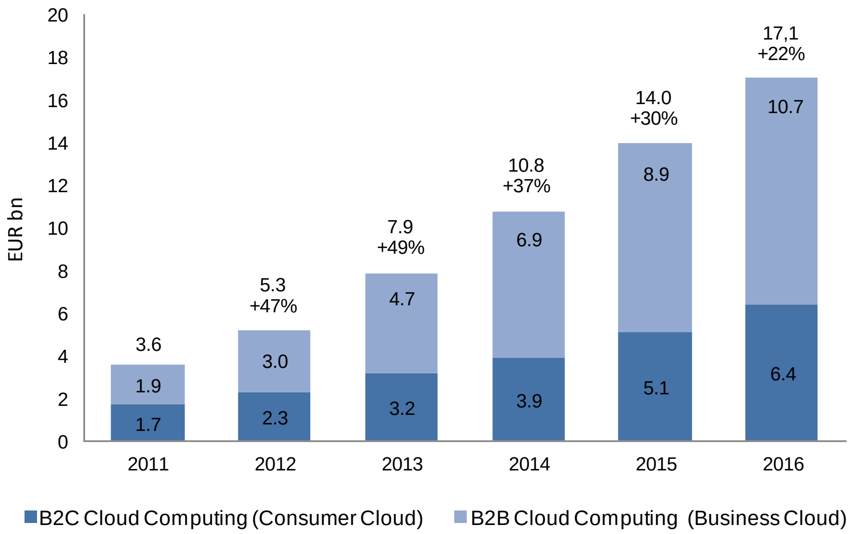
German customers are still hesitant…

Various market researchers have issued extremely optimistic Cloud-related growth scenarios in recent years. At least in Germany, the market development has not yet come up to these high expectations. **Many German companies still take a skeptical view** of external cloud solutions as they fear **security and compliance issues** – especially in sectors with sensitive data (e.g. banking).

…but Cloud Computing will nevertheless play a central role

Nevertheless, BITKOM expects the **German B2B Cloud Computing market** to grow from EUR 1.9bn in 2011 to EUR 10.7bn in 2016 (see chart below). This corresponds to a **CAGR of roughly 41%.** We **expect cloud computing to play a more and more central role for Allgeier and the entire IT industry.** Security and compliance issues will be addressed and even result in additional orders for players like Allgeier. For instance, Allgeier is one of just a few providers in Germany offering secure Cloud-based email solutions (based on Allgeier's own security solution JULIA MailOffice) and also has a lot of experience in data center operation to ensure corporate email security in the Cloud.

Cloud Computing revenues in Germany



Source: BITKOM, Experton

Competition

Allgeier is one of the strong players in a highly fragmented market

The German Software and IT services sector is characterized by **intense price competition** and a **huge number of mainly small to medium-sized IT service providers**. The ongoing market consolidation is therefore bound to continue, and **Allgeier** is all set to carry on as **one of the strong and active players** in this process.

Number of Software & IT-Service companies in Germany (2008)

Sales revenue in EUR	Number of companies
>17,500 - 50,000	20,754
50,000 - 100,000	16,498
100,000 - 250,000	17,383
250,000 - 500,000	5,810
500,000 - 1m	4,129
1m - 2m	2,653
2m - 5m	2,023
5m - 10m	766
10m - 25m	437
25m - 50m	152
50m - 100m	67
100m - 250m	33
>250m	18
Total	**70,723**

Source: Federal Bureau of Statistics (according to BITKOM)

2nd among the German-based medium-sized IT service providers

The biggest players in the German **IT consultancy & services market** are the international major players (Accenture, IBM, Capgemini, Tieto) and captives (T-Systems, Lufthansa Systems). Allgeier ranked 2nd among the German-based medium-sized **IT service providers in 2010,** only behind msg Systems AG. This definition excludes both foreign companies active in Germany as well as the ICT subsidiaries of Deutsche Telekom AG and Deutsche Lufthansa AG).

Top German IT consulting and system integration companies

Company	Revenue in Germany		Employees in Germany	
	2010	2009	2010	2009
1 T-Systems, Frankfurt am Main	1,390.0	1,340.0	5,000	5,000
2 IBM Global Business Services, Ehningen	1,180.0	1,220.0	7,760	8,000
3 Accenture GmbH, Kronberg	720.0	740.0	4,500	4,700
4 Capgemini Deutschland Holding GmbH, Berlin	651.0	624.0	5,312	5,256
5 Lufthansa Systems AG, Kelsterbach	446.0	454.0	2,900	3,000
6 CSC, Wiesbaden	372.2	388.2	2,632	2,969
7 msg Systems AG (Group), Ismaning/Munich	314.0	310.0	2,925	2,900
8 Hewlett-Packard Deutschland Services, Böblingen	300.0	280.0	630	600
9 Allgeier Holding AG, Munich	265.5	210.8	1,179	1,010
10 Logica Deutschland GmbH & Co. KG, Stuttgart	228.2	213.3	1,988	1,962

Source: Source: Lünendonk-Liste 2011: Die Top 25 IT-Beratungs- und Systemintegrations-Unternehmen in Deutschland

Allgeier has built up critical size

During the recent IT vendor consolidation, the size of the supplier, a related low level of default risk, and a broad range of services, have become important criteria when selecting future cooperation partners. After several years of rapid growth, **Allgeier has built up critical size, a full-service offer and the necessary**

manpower, including significant near- and off-shore capacities. The Company also features a **very solid balance sheet.** According to company information, Allgeier has already won several large contracts and has not lost any of them so far. We believe that Allgeier stands a particularly good chance to win out over large international competitors in the **mid-sized company sector** and in the **Landesbanken sector** (regional state banks). In this market segments, employees' resistance against an outsourcing to, for instance, some big U.S. player or a large captive like T-Systems will be rather high. In the case of the Landesbanken, which have received substantial aid from the state, we assume that they will prefer German service providers also for political reasons while the major banks tend to choose Indian providers.

2nd among all IT recruitment companies in Germany

In the **German market for recruiting & staffing of IT experts**, Allgeier ranks 2nd among all IT recruitment companies in Germany (including foreign companies) (source: Lünendonk Market Segment study 2011). We currently do not see any sign that Allgeier's strong competitive position in this market segment might change siginificantly in the future.

Leading IT recruiting & staffing providers in Germany

Company	Revenue from recruiting, staffing & managing of freelance IT experts in		Employees in Germany	
	2010	2009	2010	2009
1 Hays AG, Mannheim	370.0	390.0	710	725
2 Allgeier Holding AG, München	158.0	142.0	1,179	1,010
3 GULP Information Services GmbH, München	152.4	102.5	124	129
4 GFT Ressource Management GmbH, Stuttgart	131.6	117.4	277	287
5 Reutax AG, Heidelberg	130.0	100.0	170	142
6 Harvey Nash GmbH, Düsseldorf	62.0	43.9	550	520
7 1st solution consulting GmbH, Düsseldorf	47.9	33.6	38	25
8 Solcom Unternehmensberatung GmbH, Reutlingen	40.7	27.8	48	46
9 top itservices AG, Ottobrunn	39.0	33.0	350	350
10 Quest Softwaredienstleistung GmbH, Frankfurt	37.0	29.0	29	26

Source: Lünendonk, Market Segment Study 2011

Financials

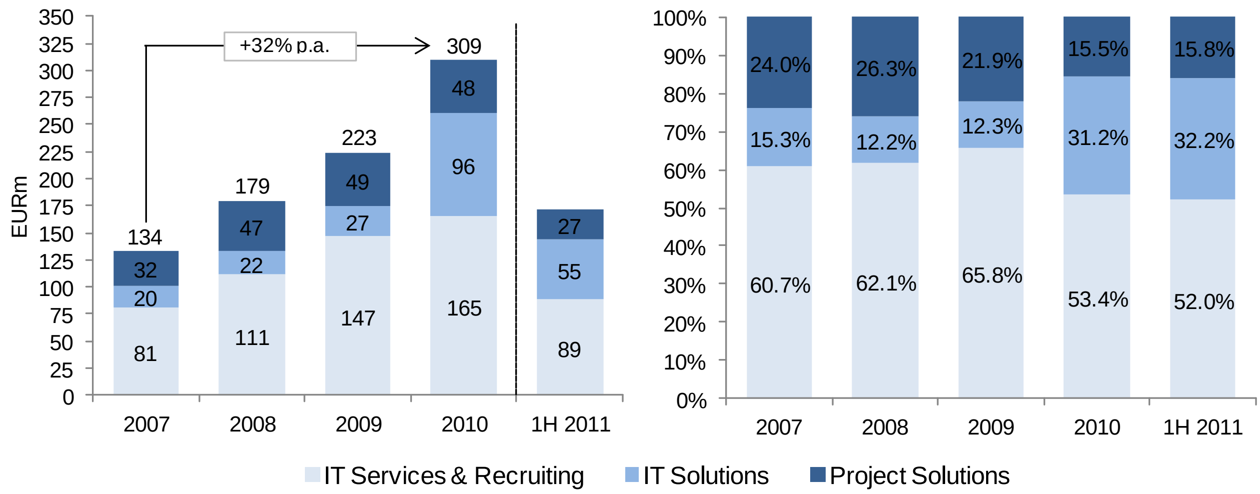
Strong sales and earnings growth in the past

Allgeier Group has shown an **impressive growth** during recent years. Sales revenues according to IFRS, with sales from subsidiaries included as from the date of initial consolidation, **grew from 2007 to 2011 at a compound annual growth rate (CAGR) of 30%**. This is still based on the preliminary, unaudited sales figure for 2011. The larger part of this growth is due to the numerous acquisitions which we already discussed in the previous sections. Looking at the **pro forma sales figures**, which represent some **approximation to the organic growth** of the group, the **CAGR 2007-2010 amounts to more than 13% p.a.** (pro forma figure for 2011 is not available yet). This CAGR shows a strong outperformance against the German IT services & software market. The expansion of IFRS sales in the IT Solutions division in 2010 clearly reflects the acquisitions made in 4Q 2009 (in particular DIDAS), in May 2010 (BSR & Partner) and in July 2010 (Terna).

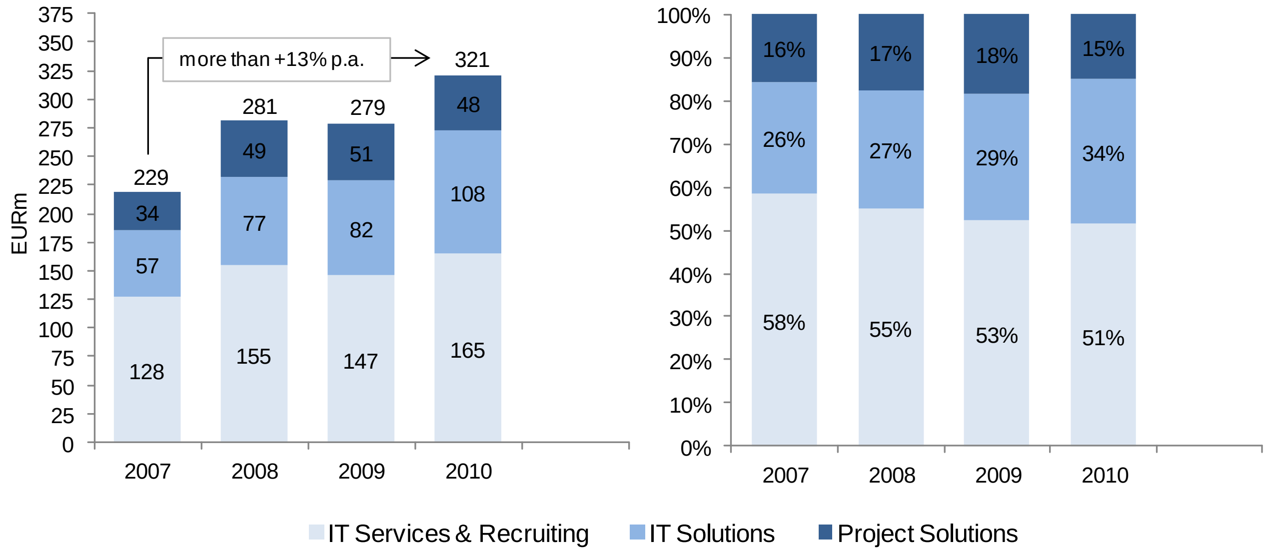
CAGR 2007-2011 reached 30%

Organic growth strongly outperformed the IT services & software market

External segment sales (IFRS)*



Pro forma segment sales**

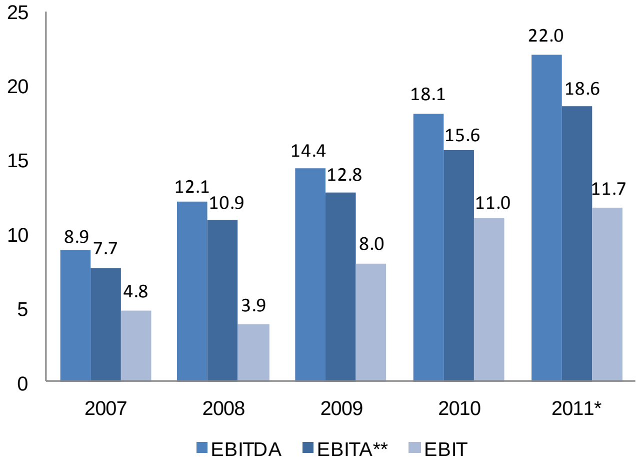


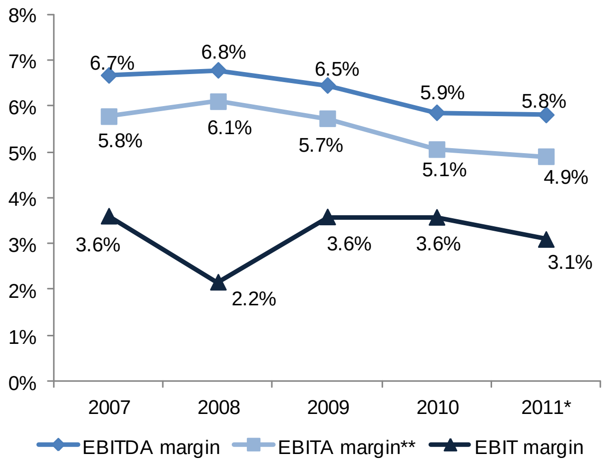
**2011: segment figures are only available for the first six months of 2011 for the time being*

***Retroactive pro forma consolidation of all companies which were part of the group as of 31 August 2011; no figures for 2011 available yet*

Source: Allgeier Holding AG, CBS Research AG

Earnings and margin development



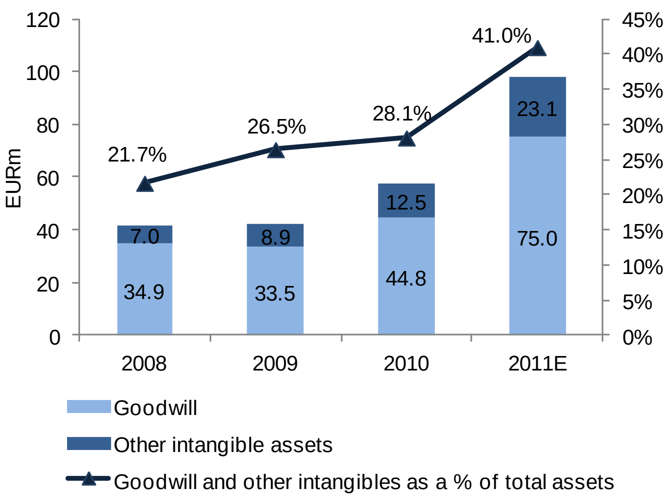


**2011: Preliminary, unaudited figures*
Definition of **operational EBITA: see below
Source: Allgeier Holding AG, CBS Research AG

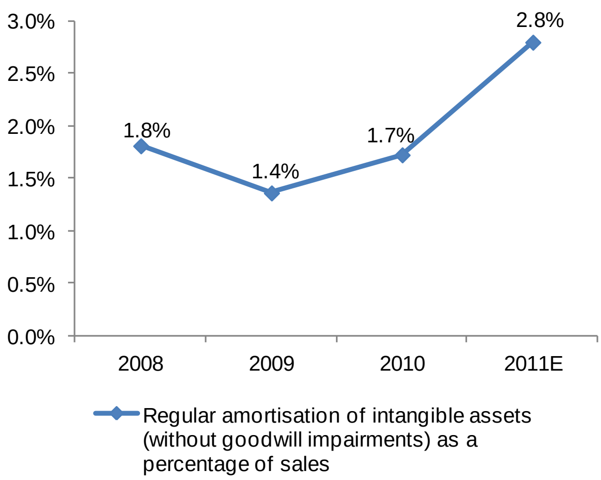
Earnings are increasingly affected by amortisations of assets from PPA

Earnings of the Group have shown a similar strong growth while the **margin trend has been slightly negative**. Due to Allgeier's extraordinarily strong M&A activities, intangible assets from purchase price allocations (PPA) and regular **amortisations** of these assets have risen significantly in recent years and particularly in 2011E (see chart below). In 2008 and 2009, EBIT was additionally affected by goodwill impairments. The risk of further goodwill impairments in the future currently appears not very high in our view, but we nevertheless point out that such impairments could have a very significant impact on earnings, as **goodwill should have reached about EUR 75m** at the end of 2011E (CBSR estimate).

Development of intangible assets



Regular amortisation of intangible assets as a percentage of sales



Source: CBS Research AG, Allgeier Holding AG

Operational EBITA is a key control parameter

For improved comparability and control of the operational performance of the companies, Allgeier uses an **operational EBITA** as a key control parameter. This is defined as 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.

FY 2011 earnings adjustments

Composition of extraordinary item in FY 2011

Extraordinary effects on earnings have recently increased. In FY 2011 (preliminary unaudited figures), the **extraordinary item of approx. EUR 1.5m** was primarily composed of non-cash-effective exchange-rate losses (book losses arising from the translation as of the reporting date of an earnout amount in US dollars arising from the Nagarro acquisition), and from the expensed recognition of the increase in the earnout from the Terna acquisition in an amount of around EUR 0.8m due to the company's performance being far ahead of budget. Offsetting this, a residual amount of about EUR 1.1m relating to the remaining earnout for another company was released through the income statement.

Preliminary figures for FY 2011: introducing Operating EBITDA

The introduction of a new parameter called **Operating EBITDA** (before extra-ordinary items) on occasion of the reporting of the preliminary FY 2011 figures makes an analysis a bit more complicated but also enhances transparency of the operating development. In the table below, we give an overview of the **preliminary, figures for FY 2011** and explain the different EBITDA and EBITA adjustments. Notably, the **Operating EBITDA margin improved from 5.7% to 6.2%.**

Preliminary figures FY 2011 and adjustments

EURm	2011*	2010	+/-
Sales	**379**	**309**	23%
EBITDA before extraordinary result	**23.5**	**17.5**	34%
Extraordinary result from changes in earnouts	0.3	0.3	
Other extraordinary result (e.g. currency effects)	-1.8	0.3	
EBITDA after extraordinary result	**22.0**	**18.1**	22%
Depreciation/amortisation excl. PPA amortisations	-3.1	-2.2	
- Extraordinary result from changes in earnouts	-0.3	-0.3	
EBITA	**18.6**	**15.6**	19%
EBITDA after extraordinary result	**22.0**	**18.1**	22%
Depreciation/amortisation excl. PPA amortisations	-3.1	-2.2	
PPA amortisations	-7.1	-4.8	
EBIT	**11.7**	**11.0**	6%
Liquid funds	**32.0**	**61.3**	-48%
Financial debt incl. profit-participation liab.	**41.0**	**45.5**	-10%
Equity	**86.0**	**85.5**	1%
Total assets	**240.0**	**204.1**	18%

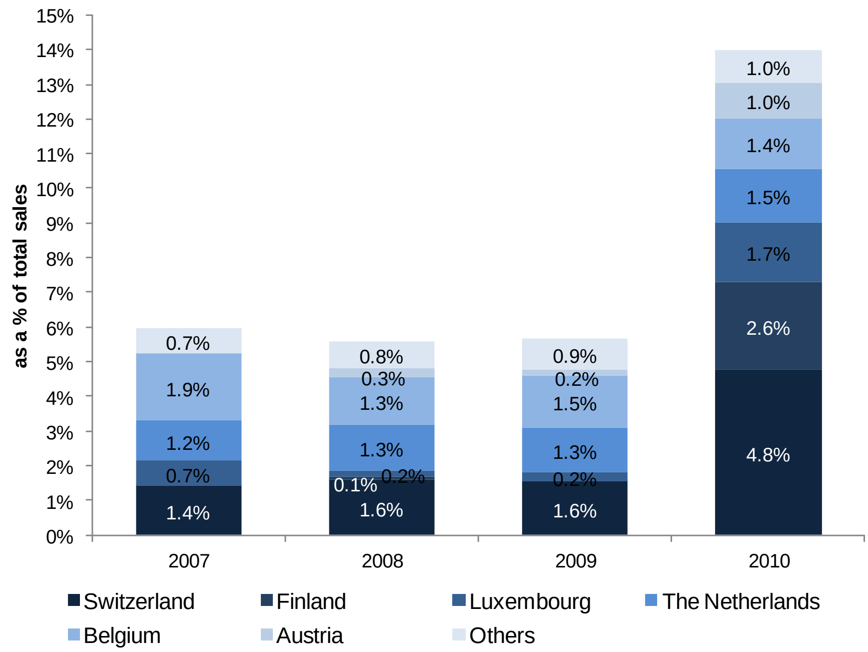
**according to preliminary, unaudited figures and CBS Research estimates*
Source: Allgeier Holding AG, CBS Research AG

Geographic sales segmentation

Focus on German speaking countries

Allgeier's **geographic focus is on the Germany, Switzerland and Austria**. In the years 2007-2009, the share of foreign sales in total group sales ranged between only 5% and 6%. Mainly due to the acquisition of Switzerland-based BSR & Partner AG (FY 2009 sales of ca. CHF 25m) in May 2010 and a higher sales contribution from Finland (for reasons that were basically a matter of accounting at one major customer), the Group's foreign sales reached 14.0% in FY 2010. Since we estimate that about 15% of Nagarro Group's sales comes from the U.S., **we may see around USD 5m of U.S. sales for Allgeier Group in 2012E**. We assume that Nagarro India, just like other Indian-based IT companies, does not realise any (significant) external sales in India.

Share of foreign sales in total sales (excl. discontinued operations)



Source: Allgeier Holding AG, CBS Research AG

Financial estimates

Financial impact of acquisitions completed in FY 2011

We tried to anticipate the final purchase price allocations

In order to forecast the Group's cash flows from the acquisitions and future amortisations from purchase price allocations (PPAs), we approximated the final PPAs. The detailed preliminary PPA for **1eEurope** (Switzerland) AG was published in Allgeier's 1H report. The corresponding details for the two acquisitions made in 3Q 2011 (**Nagarro** and **GEMED**) have not yet been published, but Allgeier did report the total amounts of initial purchase prices and earnout components as well as the total amounts of goodwill and intangible assets taken over (according to the preliminary PPAs) for all three acquisitions as a whole. We used this data to make some individual estimates for these acquisitions (see table below). In order to be conservative, **we assume that the final PPAs will result in a somewhat lower goodwill** and correspondingly higher amortisable assets and **thus higher scheduled amortisations in the future**.

Major acquisitions completed in FY 2011

	Initial purchase prices paid in cash (net)[1]	Purchase prices paid in treasury shares[2]	Variable purchase price components[3]	TOTAL purchase price[4]	Intangible assets excl. goodwill[5]	Goodwill (preli-minary)	Total intangible assets
1eEurope	5.0	-	2.2	7.2	4.9	2.8	7.8
Nagarro	17.0	2.0	20.1	39.1	7.0	27.3	34.3
GEMED	2.7	-	1.0	3.7	4.0	0.0	4.0
Total	**24.7**	**2.0**	**23.3**	**50.0**	**15.9**	**30.2**	**46.1**

1) Total amount of initial purchase prices (net of acquired cash) as reported by Allgeier; allocation to individual companies according to CBSR estimates
2) CBSR estimate of market value at purchase date (169,251 shares at about EUR 12 per share)
3) Total amount: Fair value determined by Allgeier (30 Sep. 2011); allocation to individual companies: CBSR estimate
4) Final purchase price is still subject to the earnout provisions.
5) Mostly originating from the preliminary purchase price allocation (PPA)
Source: CBS Research, Allgeier Holding AG

Allgeier Holding AG also used **169,251 treasury shares** to partially settle the purchase price for Nagarro Inc. We assume that the market value of these shares was around EUR 2m at the time of the settlement.

Treasury shares used for Nagarro acquisition

Besides these three major share deals analysed above, **Allgeier took over assets from the following companies** which have been initially **consolidated at purchase cost** in 2011:

Purchase prices of asset deals

- MCE Computer Peripherie GmbH (purchase price of EUR 0.1m)
- Crealogix ERP AG (purchase price of EUR 0.1m)
- BSH Systemhaus GmbH (purchase price of EUR 0.2m)
- Bitaro (estimate of purchase price: EUR 0.3m)
- Intraprend Gesellschaft für Intranet Anwendungsentwicklung mbH (estimate of purchase price: EUR 1.4m)

Sales and earnings estimates

As a guidance, Allgeier's management only stated that, given today's overall circumstances, they are confident that the company can continue to generate further sustainable revenue and earnings growth in FY 2012E. From the placement of a promissory note at the end of last February, about EUR 51m (after redemption of a EUR 19m loan) could be added to the existing cash (EUR 32m at the end of 2011). It is Allgeier's declared strategy to use parts of this relatively **high cash position** to purchase further companies. We therefore assume that the company will continue to show further strong external growth. However, **we do not include any future acquisitions in our financial estimates** but assume only a low interest of 0.75% on the company's cash position in the forecast period. Assuming that Allgeier will use a large part of the cash for acquisitions which will generate a much higher overall ROI in the aggregate, this approach appears conservative.

Guidance still vague due to expected M&A activities

We do not include any future acquisitions but assume a low interest on the cash position

Our sales estimate for 2012E is based on the assumption that the Group's pro forma sales have already reached about EUR 400m in 2011, that organic growth will add 8.4% to this pro forma level, and that the acquisition of SKYTEC AG will result in the consolidation of some EUR 6m this year. These assumptions lead us to our **sales estimate of EUR 439.8m in 2012E**. Regarding **2013E**, we start out from pro forma sales of EUR 442m in 2012E and assume a slightly more dynamic growth of 9.5%, lifting sales to **EUR 484.2m**. For 2014E, we put the organic growth rate at 8%. The **increased cross selling and bundling of the product and service portfolio** within the Group should give additional drive to the sales development. A risk to these growth assumptions might arise from an adverse overall economic development (see also the 'Market' section of this document).

Assumptions for our sales estimates

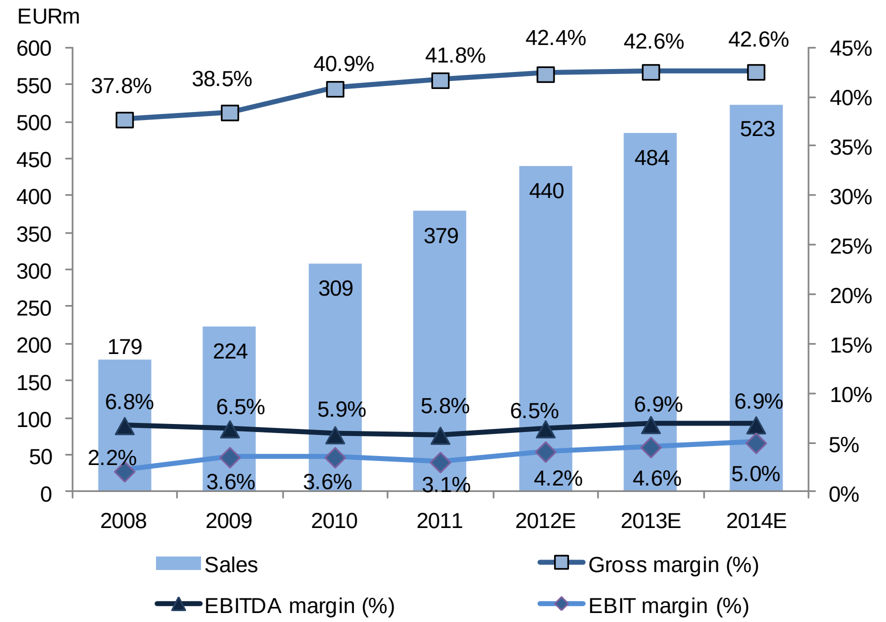
Allgeier's **Operating EBITDA margin already reached 6.2% in FY 2011**. The full year consolidation of Nagarro as well as increasing synergies and cost reductions within the Group should allow for an **increase of the EBITDA margin to 6.5% in 2012E**, according to our estimates. We currently do not include significant one-offs in our estimates but note that **there might still arise effects from the sale of Allgeier's temping business to USG People** in 2008. Since the invalidy of the collective labour agreement between CGZP and AMP (Arbeitgeberverband Mittelständischer Personaldienstleister) has been ascertained by court, and since a number of operating companies associated with the temping business sold by Allgeier Holding applied a collective labor agreement concluded by CGZP, USG People will have to repay high amounts of social security contributions, according

Margin estimates

One-off effects from the sale of the temping business are possible

to USG People. USG People might therefore demonstrate claims for damages against Allgeier. Allgeier has already made a value adjustment in the amount of EUR 4.7m to a remainder of the sales price on an escrow account. According to the management, however, the net P&L effect of the expected one-off items from this set of issues will presumably not be negative.

Sales and margin development 2009-2014E



Source: CBS Research AG, Allgeier Holding AG

Further margin potential

In the following years, we expect further increases in Allgeier's EBITDA and EBITA margin. The integration and merger of individual companies to bigger and stronger units will also reduce overhead and management costs. The winning of more and more large orders with better margins should also contribute to margin improvements. When taking a look at the EBITDA margin estimates for the peer group companies (see table on next page), it becomes clear that Allgeier has significant 'catch-up potential'. Regarding the **spread between EBITDA and EBIT margins**, the average from our main peer group of 2.0 percentage points (PP) in 2012E and 2013E is surprisingly not much lower than our estimate of the corresponding spread between Allgeier's EBITDA and EBIT in 2012E and 2013E (2.3 PP), despite Allgeier's outstanding M&A activities. If Allgeier would stop to take over further companies, the EBIT margin would jump up as soon as the assets from the purchase price allocations (PPA) would be completely amortised. **For the time being**, however, the **high PPA amortisations will continue to put a strain on Allgeier's EBIT margin**. We also note that the constant M&A activities also bring along higher other operating expenses, and that income or expenses from subsequent purchase price adjustments according to IFRS 3.58 will continue to result in extraordinary results.

Peer group shows a similarly high spread between EBITDA and EBIT margins

Earnout payments assumed

Regarding capital expenditures, we assume that that the latest reported fair values of Allgeier's **earnout liabilities** from acquisitions will prove adequate and will result in corresponding outpayments during the next years.

Peer Group: Margin estimates on basis (consensus)

Company name	EBIT margin 2012E	EBIT margin 2013E	EBIT margin 2014E	EBITDA margin 2012E	EBITDA margin 2013E	EBITDA margin 2014E
Allgeier (estimates by CBSR):	4.2%	4.6%	5.0%	6.5%	6.9%	6.9%
European IT service/consulting companies (market cap below EUR 1bn):						
ALTEN	9.7%	9.8%	10.8%	10.6%	10.8%	11.4%
ALTRAN TECHNOLOGIES SA	7.9%	9.0%	9.6%	9.2%	10.2%	10.3%
ASSYSTEM	7.6%	7.8%	n.a.	9.1%	9.1%	n.a.
BOUVET ASA	9.9%	10.3%	10.3%	10.9%	11.2%	11.3%
CENIT AG	5.8%	6.5%	n.a.	7.9%	8.3%	n.a.
CONNECTA AB	9.8%	10.5%	10.9%	10.2%	10.9%	11.3%
COR&FJA AG	3.2%	4.5%	n.a.	6.4%	7.7%	n.a.
DATAGROUP AG	6.4%	7.0%	n.a.	8.2%	8.7%	n.a.
DEVOTEAM SA	5.6%	6.2%	n.a.	5.8%	6.4%	n.a.
ECONOCOM GROUP	4.4%	4.5%	5.2%	5.0%	5.2%	5.7%
EDB ERGOGROUP ASA	5.9%	6.6%	6.2%	9.9%	10.6%	10.2%
GFI INFORMATIQUE	6.6%	7.0%	n.a.	7.5%	8.0%	n.a.
GFT TECHNOLOGIES AG	4.5%	4.8%	4.4%	5.1%	5.4%	n.a.
GROUPE STERIA SCA	6.8%	7.4%	7.9%	8.7%	9.1%	n.a.
ITELLIGENCE AG	6.1%	n.a.	n.a.	9.5%	n.a.	n.a.
ORDINA NV	0.9%	1.7%	4.5%	3.9%	4.5%	7.2%
OSIATIS	7.1%	7.3%	n.a.	8.3%	8.1%	n.a.
PHOENIX IT GROUP LTD	11.5%	11.7%	n.a.	19.1%	19.6%	n.a.
SOLUCOM	9.5%	10.7%	n.a.	10.8%	12.0%	n.a.
SOPRA GROUP	8.7%	9.2%	10.7%	9.8%	10.3%	12.5%
TIETO OYJ	6.4%	7.0%	7.4%	11.5%	12.0%	12.3%
ADESSO AG	6.6%	7.5%	n.a.	8.6%	8.7%	n.a.
Average	**6.9%**	**7.5%**	**8.0%**	**8.9%**	**9.4%**	**10.2%**
Median	**6.6%**	**7.3%**	**7.9%**	**8.9%**	**9.1%**	**11.3%**
Minimum	**0.9%**	**1.7%**	**4.4%**	**3.9%**	**4.5%**	**5.7%**
Maximum	**11.5%**	**11.7%**	**10.9%**	**19.1%**	**19.6%**	**12.5%**
Major players with market cap above EUR 1bn:						
ATOS	6.1%	6.9%	7.5%	10.4%	11.2%	11.6%
CAP GEMINI	7.1%	7.7%	7.9%	9.2%	9.8%	9.8%
INDRA SISTEMAS SA	8.8%	9.1%	9.7%	10.6%	10.9%	11.6%
LOGICA PLC	6.3%	6.8%	6.9%	8.0%	8.5%	8.7%
Average	**7.1%**	**7.6%**	**8.0%**	**9.6%**	**10.1%**	**10.4%**
Median	**6.7%**	**7.3%**	**7.7%**	**9.8%**	**10.3%**	**10.7%**
Minimum	**6.1%**	**6.8%**	**6.9%**	**8.0%**	**8.5%**	**8.7%**
Maximum	**8.8%**	**9.1%**	**9.7%**	**10.6%**	**11.2%**	**11.6%**
Indian IT service companies:						
INFOSYS LTD	29.6%	29.4%	28.5%	31.5%	31.4%	30.8%
TATA CONSULTANCY SVCS LTD	27.8%	27.2%	n.a.	29.5%	28.9%	n.a.
WIPRO LTD	17.2%	17.8%	17.5%	19.6%	20.0%	19.7%
Average	**24.9%**	**24.8%**	**23.0%**	**26.9%**	**26.8%**	**25.3%**
Median	**27.8%**	**27.2%**	**23.0%**	**29.5%**	**28.9%**	**25.3%**

Source: Bloomberg, CBS Research AG

Financing

Profit-participation liabilities and ABS programme

Besides bank loans and vendor loans from acquisitions, Allgeier has been financed via **profit-participation liabilities** (PREPS). After redemption of an amount of EUR 7m at the end of 2011, EUR 6m of these PREPS are still outstanding and will be due by the end of 2012. Within the scope of an **ABS programme**, Allgeier can furthermore assign receivables owed by customers in a total amount of up to EUR 12m.

Promissory note recently successfully placed

At the end of last February, Allgeier successfully placed a **promissory note.** Strong investor demand resulted in the transaction being significantly oversubscribed to a level approaching EUR 100m. The EUR 50m volume that was originally planned was subsequently topped up to EUR 7m. Of this EUR 70m volume, 42% are attributable to a three-year maturity tranche, 45% to a five-year maturity tranche, and 13% to a seven-year maturity tranche. After redemption of a EUR 19m loan by use of the proceeds, Allgeier had a net cash inflow of about EUR 51m which added to the existing cash on hand (EUR 32m at the end of 2011).

Treasury shares to finance acquisitions

The number of **treasury shares** held by Allgeier (574,120 as of 30 September 2011) have reached a significant level and will be available to finance acquisitions in the future.

Appendix

Profit and loss account

IFRS EURm	2008	2009	2010	2011E	2012E	2013E	2014E
Sales	**178.7**	**223.5**	**308.7**	**379.0**	**439.8**	**484.2**	**523.0**
YoY growth	34.0%	25.1%	38.1%	22.8%	16.0%	10.1%	8.0%
Inventory changes (finished goods, WIP)	0.0	-0.1	0.0	0.1	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**	**379.2**	**440.0**	**484.5**	**523.2**
Cost of materials	-111.2	-137.5	-182.5	-220.9	-253.6	-278.1	-300.3
as % of total output	-62.2%	-61.5%	-59.1%	-58.2%	-57.6%	-57.4%	-57.4%
Gross profit	**67.5**	**86.0**	**126.2**	**158.3**	**186.4**	**206.4**	**222.9**
as % of total output	37.8%	38.5%	40.9%	41.8%	42.4%	42.6%	42.6%
Personnel expenses	-44.3	-59.5	-88.4	-108.8	-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	6.1	7.0	7.8	7.7
as % of total output	1.2%	1.8%	1.9%	1.6%	1.6%	1.6%	1.5%
Other operating expenses	-13.1	-16.1	-25.5	-33.6	-38.8	-41.7	-44.7
as % of total output	-7.3%	-7.2%	-8.2%	-8.9%	-8.8%	-8.6%	-8.5%
EBITDA	**12.1**	**14.4**	**18.1**	**22.0**	**28.4**	**33.4**	**35.9**
as % of total output	6.8%	6.5%	5.9%	5.8%	6.5%	6.9%	6.9%
Depreciation and amortization, excl. goodwill impairments	-4.3	-4.1	-7.0	-10.3	-10.2	-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**	**11.7**	**18.3**	**22.3**	**26.3**
as % of total output	2.2%	3.6%	3.6%	3.1%	4.2%	4.6%	5.0%
Interest income	3.1	0.8	0.7	0.4	0.4	0.7	0.7
Interest expenses	-2.2	-1.8	-1.6	-2.4	-3.1	-3.1	-3.0
Result from sale of temping business	82.6	-	-	-	-	-	-
EBT (Earnings before income taxes)	**87.4**	**7.0**	**10.2**	**9.6**	**15.6**	**19.9**	**24.0**
as % of total output	48.9%	3.2%	3.3%	2.5%	3.5%	4.1%	4.6%
Taxes on income	-7.1	-2.1	-1.5	-2.9	-4.7	-6.0	-7.2
as % of EBT	-8.1%	-29.6%	-14.4%	-30.0%	-30.0%	-30.0%	-30.0%
Net income of the group	**80.4**	**5.0**	**8.7**	**6.7**	**10.9**	**13.9**	**16.8**
as % of total output	45.0%	2.2%	2.8%	1.8%	2.5%	2.9%	3.2%
Minority interests	-0.6	0.2	-0.4	-0.8	-0.9	-1.0	-1.1
Net income attributable to shareholders	**79.7**	**5.2**	**8.3**	**5.9**	**10.0**	**12.9**	**15.7**
Weighted average shares outstanding (m)	8.9	8.7	8.4	8.4	8.5	8.5	8.5
Basic earnings per share (EUR)	**8.93**	**0.60**	**0.99**	**0.70**	**1.18**	**1.52**	**1.85**

Source: CBS Research AG, Allgeier Holding AG

Balance sheet

IFRS EURm	2008	2009	2010	2011E	2012E	2013E	2014E
Assets							
Noncurrent assets	**45.6**	**47.9**	**63.7**	**108.0**	**101.5**	**96.5**	**92.6**
as % of total assets	23.6%	29.9%	31.2%	45.1%	34.3%	31.6%	29.8%
Goodwill	34.9	33.5	44.8	75.0	75.0	75.0	75.0
Other intangible assets	7.0	8.9	12.5	23.1	17.7	12.3	9.0
Property, plant and equipment	3.4	4.6	5.4	8.5	8.5	9.0	8.3
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	1.3	0.3	0.3	0.3
Current assets	**147.8**	**112.2**	**140.4**	**131.5**	**194.2**	**209.0**	**218.4**
as % of total assets	76.4%	70.1%	68.8%	54.9%	65.7%	68.4%	70.2%
Inventories	1.0	2.7	3.1	3.3	3.4	3.7	3.8
Trade receivables	49.6	52.9	66.5	81.5	94.6	104.1	112.5
Other assets and receivables	28.1	7.4	9.5	14.7	13.7	14.3	15.0
Cash and cash equivalents	69.1	49.2	61.3	32.0	82.6	86.8	87.1
Total assets	**193.4**	**160.1**	**204.1**	**239.6**	**295.7**	**305.5**	**311.0**
Shareholders' equity and liabilities							
Shareholders' equity	**81.8**	**79.5**	**85.5**	**86.4**	**93.1**	**102.8**	**115.3**
as % of total equity and liabilities	42.3%	49.7%	41.9%	36.1%	31.5%	33.6%	37.1%
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	-4.1	-4.1	-4.1	-4.1
Profit carried forward	-18.1	56.5	57.4	61.6	63.3	69.1	77.8
Net income for the year	79.7	5.2	8.3	5.9	10.0	12.9	15.7
Changes in equity recognised directly in equity	-0.9	-0.9	-0.2	-1.9	-1.9	-1.9	-1.9
Minority interests	2.0	1.8	3.7	4.3	5.2	6.2	7.3
Noncurrent liabilities and deferred income	**24.0**	**23.8**	**31.6**	**46.1**	**99.7**	**93.6**	**80.2**
as % of total equity and liabilities	12.4%	14.9%	15.5%	19.2%	33.7%	30.6%	25.8%
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	15.7	74.5	74.4	70.0
Provisions for pensions and similar obligations	0.3	1.0	0.9	1.0	1.1	1.1	1.2
Other noncurrent liabilities (mainly earnout components from company acquisitions)	3.1	3.7	3.3	22.5	19.1	14.9	7.0
Deferred tax liabilities	5.5	5.8	5.7	6.9	5.1	3.1	2.0
Current liabilities	**87.6**	**56.7**	**87.0**	**107.0**	**102.9**	**109.1**	**115.5**
as % of total equity and liabilities	45.3%	35.4%	42.6%	44.7%	34.8%	35.7%	37.1%
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	19.3	14.9	12.4	12.5
Current provisions	13.1	7.8	10.8	16.8	18.9	21.9	22.9
Trade accounts payable	22.6	23.3	29.8	33.0	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	32.0	31.2	33.0	35.0
Total equity and liabilities	**193.4**	**160.1**	**204.1**	**239.6**	**295.7**	**305.5**	**311.0**

Source: CBS Research AG, Allgeier Holding AG

Cash flow statement

IFRS EURm	2008	2009	2010	2011E	2012E	2013E	2014E
EBIT	3.9	8.0	11.0	11.7	18.3	22.3	26.3
Depreciation and amortisation	8.3	6.4	7.0	10.3	10.2	11.1	9.6
Other non-cash income and expenses	4.0	4.2	6.7	7.4	9.0	10.0	10.4
Change in non-current provisions	-0.4	0.1	0.0	0.1	0.1	0.1	0.1
Cash taxes paid/received	-6.1	-4.7	-3.2	-2.5	-5.5	-6.3	-8.6
Cash flow from changes in working capital	-13.3	-2.2	-14.4	-12.5	-14.7	-13.1	-12.8
Cash flow from operating activities	**-3.7**	**11.8**	**7.2**	**14.6**	**17.3**	**24.0**	**24.9**
Net cash outflows from the purchase and retirement of PP&E and intangible assets	-2.0	-1.6	-2.6	-3.9	-4.2	-6.1	-5.6
Payments for the purchase of subsidiaries and for the acquisition of assets and rights	-17.0	-4.1	-8.7	-24.9	-0.5	0.0	0.0
Purchase price components paid for companies acquired in other periods	0.0	-5.0	-0.9	-3.7	-2.4	-4.2	-7.9
Investments valued at equity (incl. disposals)	0.0	-0.2	0.3	-0.2	0.0	0.0	0.0
Payment balance from the sale of subsidiaries	103.7	-5.4	0.0	0.1	0.0	0.0	0.0
Cash flow from investing activities	**84.7**	**-16.3**	**-12.0**	**-32.5**	**-7.1**	**-10.3**	**-13.6**
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	1.0	54.0	-2.8	-4.4
Net cash inflow from ABS programme (assignment of trade receivables)	3.8	-2.8	4.9	2.4	-0.6	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	-2.1	-2.7	-2.4	-2.3
Dividends paid	-22.3	-5.2	-4.2	-4.2	-4.2	-4.2	-4.2
Payments balance with shareholders with non-controlling interests	0.0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
Cash flow from financing activities	**-24.9**	**-14.9**	**16.4**	**-11.2**	**40.3**	**-9.4**	**-11.1**
Total change in cash and cash equivalents	**56.1**	**-19.4**	**11.6**	**-29.1**	**50.6**	**4.3**	**0.3**
Currency-induced changes in cash and cash	0.0	0.0	0.3	0.0	0.0	0.0	0.0
Cash and cash equivalents at the start of the period	12.5	68.6	49.1	61.1	32.0	82.6	86.8
Cash and cash equivalents at the end of the period	**68.6**	**49.1**	**61.1**	**32.0**	**82.6**	**86.8**	**87.1**

Source: CBS Research AG, Allgeier Holding AG

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13 March 2012	BUY (Initiating Coverage)	EUR 11.80	EUR 19.00

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