

November 7, 2013

Europe | Germany | IT & Software

DR. KALLIWODA
RESEARCH GmbH

Update

ACCUMULATE

Target price: EUR 13.20

Overview

Industry: IT Services & Software
Country: Germany
ISIN: DE000A1K0300
Reuters: PSAGn.DE
Bloomberg: PSAN GR
Website: www.psi.de

Last price: 12.48
High 17.53 **Low** 11.32
Price 52 W.: 17.53 11.32
Market cap. (EURm) 195.82
Number of shares (m) 15.70

Shareholders

RWE AG 17.77%
Employee consortium 9.35%
Harvinder Singh 8.10%
Free float 64.78%

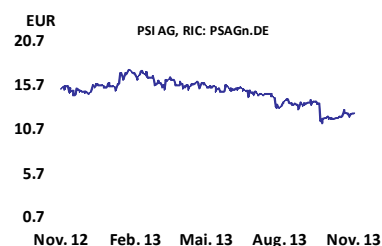
Performance

4 weeks 6.10%
13 weeks -8.36%
26 weeks -18.93%
52 weeks -18.93%
YTD -21.86%

Dividend

	in EUR	in %
2009	0.21	1.68%
2010	0.23	1.84%
2011	0.25	2.00%
2012	0.30	2.40%

52-Week Chart



Analyst

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PSI AG

Weak 9M/13 and outlook lowers our PT

- PSI's 9M/13 figures were weak. While revenues increased only slightly by 1.9% y-o-y to €129.1m, EBIT (-89.7% to €0.8m) and net income (€-2.8m vs. €5.5m in 9M/12) were significantly lower than last year due to one-off effects and higher deferred tax assets. Compared to 9M/12, order backlog decreased by 6.1% to €124m, while the intake remained more or less stable at €143m (€145m).
- The segment Infrastructure management (+26.4% to €2.7m; EBIT margin 10.8%) continued to outperform all others in 9M/13, which resulted from strong business development in South East Asia and Poland. Sales of the other segments Energy management and Production management went down by 3.3% to €43.1m and 1.4% to €63.3m respectively. With -2.3% (9M/12: 4.7%) and 0.4% (7%), both reported much weaker EBIT margins, which mainly resulted from higher development costs and write-downs.
- Despite weaker net income, the operating cash flow improved from €-4.4m to €-2.8m. The reasons were lower investments into working capital, which equaled €3.3m (9M/12: €13.1m). While cash flow from investing remained stable y-o-y at €-2.5m, the cash flow from financing deteriorated from €-2.8m to €-6.4m due to debt repayments and a high dividend. At the end of September, PSI's total cash position amounted to €21.5m and was €11.8m lower compared to January 2013. As of 30 September 2013, the company had a net gearing of 38.1%.
- PSI's management have lowered their EBIT guidance for 2013 to €5.2m from previously €12-15m. For 2014 and 2015, they now expect €12m and €15m respectively. We have adjusted our estimates accordingly, which together with a slightly higher net debt q-o-q results in a lower 12-months DCF-based price target of €13.20 (previously €14.20). Despite current weakness, we strongly believe in the quality of PSI's business model and management and see great potential for its software solutions in the long run. Hence, we maintain our ACCUMULATE rating for the stock.

Key Figures

EURm	2009	2010	2011	2012	2013E	2014E
Net sales	146.99	158.69	169.54	180.89	189.93	208.55
EBITDA	11.45	13.94	14.65	16.92	9.36	16.52
EBIT	7.81	9.51	10.67	12.89	5.12	11.87
Net income	6.60	7.05	7.44	9.36	2.12	6.77
EPS	0.46	0.45	0.47	0.60	0.13	0.43
BVPS	4.62	4.35	4.60	4.70	4.83	4.96
RoE	13.20%	10.49%	10.56%	12.77%	2.83%	8.82%
EBIT margin	5.32%	6.00%	6.29%	7.12%	2.70%	5.69%
P/E	27.12	27.72	26.54	20.90	92.58	28.92
P/BVPS	2.70	2.87	2.71	2.66	2.59	2.52
EV/EBITDA	19.30	15.85	15.08	13.05	23.60	13.37

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1 Company profile

PSI AG is a group of companies with over 1,600 employees, which develops and distributes software product solutions for process control. These solutions automate complex core processes of PSI's customers in the segments Energy, Production and Infrastructure management. PSI, which was founded in 1969, operates at numerous German and international sites in Europe, Asia and North America. It develops software products and complete systems for the operation of large energy networks and complex production and logistics processes with the objective to design customers' value creation processes more efficiently. In the segment Energy management systems, PSI provides solutions for operations' management, network utilization, pipeline management, leakage detection and localization, portfolio management, energy trading and distribution. The segment Production management creates optimization and control-technical solutions for production, telematics, logistics, metals and mining. In the Infrastructure segment, the company supplies solutions for traffic systems.

2 Investment case

In the near future, the key development to be watched will be PSI's success in the energy infrastructure game in Germany. In our view, software systems for the control of energy networks are associated with high switching costs. Energy providers will either switch suppliers or decide to stick to them in the long run. Only the winners of the game will face attractive upgrades and maintenance revenues. Given the number of energy networks, there is no room for many survivors. Coming out as a winner will also clear the way for exports of energy products to countries that follow Germany's approach in the long run. Many other growth opportunities besides energy exist for PSI, however due to the stated reasons a large part of the company's value depends on its success in the German energy segment.

PSI's management expect not only increasing revenues but also significant margin improvements. The main drivers of the latter are expected to be (1) scale effects through exports (2) transformation of PSI into a pure software company (3) lower average labor costs resulting from a higher share of the labor pool in target export markets with lower wages and (4) efficiency improvements stemming from a new technology platform. Management expect to increase revenues by an average of 8% a year, while raising EBIT margins by 1% to 2% a year until 2016. By that year, 800 of the then 2,000 employees are expected to work in export markets. In the future, management plan to generate 65% of total revenues in the growth markets Brazil, Canada, Eastern Europe, Russia, Asia, Middle East and Turkey. For full-year 2013, PSI guides for order intake of €200m, revenues of €190m and an EBIT of €5.2m.

We view PSI's competitive position as strong due to the company's focus on its core competency in network control flow systems and experience in this area. In the past, the company has proved to be able to spot market trends and to position itself accordingly to benefit from these trends. In our view, its dominant market position, specialized workforce, ability to innovate and to react flexibly given its size and software focus provide valuable competitive advantages as well as entry barriers particularly in the German energy market. We believe that PSI is well-positioned to benefit from its growth opportunities and reach its stated goals. Our investment case based valuation does not include a premium for a potential takeover of PSI by a competitor. However, we note that speculation about a takeover does provide a bottom for the share price.

3 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • PSI's focus on core competencies in process control technology with decades of experience, along with its innovation strength and a highly specialized workforce are important competitive advantages and create entry barriers. PSI's products are of high functionality, complexity and carry many unique features. PSI enjoys a first mover advantage and is the quality and volume leader in many of its key growth areas, namely energy smart grid infrastructure, gas & oil, metals, mining and infrastructure. • Pilot project approach: When entering new product and geographic markets the company works together with sector leaders on pilot projects. Performing the research and development decentralized at the location of demand translates into a close customer relationship, a gain of sector knowledge, lower market entry risk, as well as the mitigation of financial risk. 	<ul style="list-style-type: none"> • Buyers force: PSI main customers operate in capital intensive sectors which naturally consist of a few large players. PSI itself is a medium sized player resulting in an unfavorable negotiating position. However a resulting pricing power of its customer is lessened by the facts that software expenditures should resemble a smaller portion of PSI customers overall budget, that PSI produces high-quality products that make a customer's operation more efficient translating in fast amortization, and PSI's complex products are mainly located in important parts of the value chain where quality is more important than price. • Business cycle risk: PSI's customers are mainly from very cyclical sectors. The exposure to business cycle risk is somewhat diminished by the fact that the company delivers products mainly related to efficiency and cost cutting gains.
Opportunities	Threats
<ul style="list-style-type: none"> • Energy segment: The „Energiewende“ gives PSI the potential to achieve scale effects by shifting its existing product portfolio from high voltage systems to lower network levels. Additionally, the demand for new software solutions such as volatility and resource software components, gas network control systems and software solutions for energy storage systems will increase. • Production segment: New sensor and network technology increases data availability in production processes. This opens up new markets for PSI software solutions, which make production processes more efficient. Recent market entries by PSI are PSImining and solutions for the turbine manufacturing and aircraft maintenance sectors. In the automobile sector, new product developments should lead to more orders. • Export growth: PSI focuses on Eastern markets as it sees the greatest growth potential there while currently facing low competition locally. A positive effect besides larger revenues and scale effects is the diversification away from a sole dependency on the German market. Expansion takes place by winning key reference customers. 	<ul style="list-style-type: none"> • Increasing rivalry among competitors in the Energy Infrastructure market: Large hardware suppliers recently acquired PSI's software competitors. On the one hand, this permits them to differentiate themselves from fellow hardware suppliers. If on the other hand the intention was to gain control of the energy software market then rivalry will intensify e.g. by price competition or hardware suppliers locking their systems to alien software providers. Management note that PSI enjoys greater economic independence in acquiring software related contracts relative to its software competitors, which are now entangled in powerful hardware divisions. • A lack of qualified staff evoked from a current structural shortage of supply in the software labor sector would impede the seizure of the company's opportunities. PSI mitigates the risk by investing heavily in the training of its employees and collaborating with universities. Part of the routine software development has been moved to Eastern Europe and the technology platform enables an efficient knowledge transfer and standardization. These moves set free valuable engineering capacity.

4 Valuation

In order to value PSI, we have used our DCF model, which derives a 12-months price target for the stock of €13.20. Compared to the current market level, this corresponds to an upside of 5.8%.

DCF model

Discounted Cash Flow Model (Basis 11/2013)

in EURm	Phase 1								
	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Net sales	189.93	208.55	225.86	241.66	252.54	261.88	269.74	276.48	282.01
(y-o-y change)	5.0%	9.8%	8.3%	7.0%	4.5%	3.7%	3.0%	2.5%	2.0%
EBIT	5.12	11.87	14.89	19.07	23.81	24.43	24.90	25.24	25.46
(EBIT margin)	2.7%	5.7%	6.6%	7.9%	9.4%	9.3%	9.2%	9.1%	9.0%
NOPLAT	3.59	8.31	10.42	13.35	16.67	17.10	17.43	17.67	17.82
+ Depreciation	4.24	4.65	5.04	5.39	5.63	5.84	6.02	6.17	6.29
= Net operating cash flow	7.82	12.96	15.46	18.74	22.30	22.94	23.44	23.83	24.11
- Total investments (Capex and WC)	0.84	-7.90	-8.19	-8.36	-8.10	-8.17	-8.20	-8.25	-29.87
Capital expenditure	-5.48	-6.06	-6.42	-6.69	-6.85	-7.03	-7.18	-7.32	-7.42
Working capital	6.33	-1.84	-1.77	-1.67	-1.25	-1.14	-1.02	-0.93	-22.45
= Free cash flow (FCF)	8.66	5.07	7.27	10.38	14.20	14.77	15.24	15.59	-5.75
PV of FCFs	8.56	4.64	6.17	8.16	10.35	9.98	9.54	9.04	-3.09

PV of FCFs in explicit period	63.34
PV of FCFs in terminal period	153.64
Enterprise value (EV)	216.99
+ Net cash / - net debt (30 September 2013)	-25.05
+ Investments / - Minorities	0.00
Shareholder value	191.94
Number of shares outstanding (m)	15.70
WACC	7.9%
Equity costs	9.2%
Debt costs before tax	7.0%
Tax rate	30.0%
Debt costs after tax	4.9%
Equity ratio	70.0%
Debt ratio	30.0%
Fair value per share in € (today)	12.23
Fair value per share in € (in 12 months)	13.20

Sensitivity analysis	Terminal EBIT margin						
	6.0%	7.0%	8.0%	9.0%	10.0%	11.0%	12.0%
WACC	4.9%	5.9%	6.9%	7.9%	8.9%	9.9%	
	20.47	14.90	11.61	9.42	7.87	6.72	
	23.67	17.12	13.24	10.68	8.87	7.52	
	26.88	19.33	14.87	11.94	9.87	8.33	
	30.09	21.54	16.50	13.20	10.87	9.14	
	33.30	23.75	18.13	14.45	11.86	9.95	
	36.51	25.96	19.77	15.71	12.86	10.76	
	39.72	28.17	21.40	16.97	13.86	11.57	

Source: Dr. Kalliwoda Research GmbH

5 9M/13 results

Revenues

In 9M/13, PSI generated total sales of €129.1m, which corresponded to a growth of 1.9% y-o-y. Compared to last year, order backlog decreased by 6.1% to €124m. However, order intake remained more or less stable at €143m (9M/12: €145m), which in our view shows a slight improvement q-o-q (H1/13: -4.4% y-o-y to €109m).

Due to the dynamic growth of the segment Infrastructure management PSI's revenue structure is becoming more diversified. In 9M/13, Infrastructure management increased its sales by 26.4% y-o-y to €22.7m due to continuously strong demand from SouthEast Asia and Poland. Production management declined by 1.4% to €63.3m, but was positively impacted by strong orders from the US metal industry, whose energy costs have gone down significantly following increasing exploration of shale gas. In the area Energy management (-3.3% to €43.1m) PSI continues to suffer from limited investment activity in the German energy market.

9M/13 vs. previous year

in EURm	9M/13	9M/12	change y-o-y (%)
Net sales	129.09	126.73	1.9%
EBITDA	3.58	10.50	-66.0%
EBITDA margin	2.8%	8.3%	
EBIT	0.78	7.53	-89.7%
EBIT margin	0.6%	5.9%	
Net income	-2.77	5.54	-149.9%
Net margin	-2.1%	4.4%	

Source: Company data, Dr. Kalliwoda Research GmbH

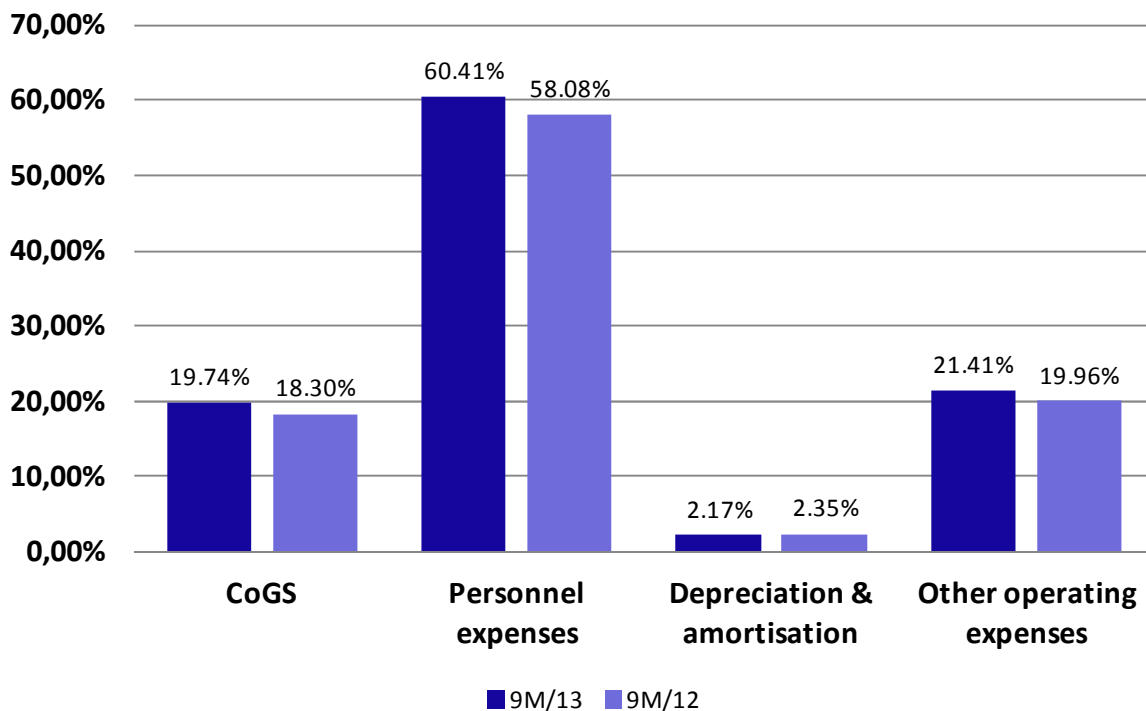
Sales and EBIT margins according to segments 9M/13 vs. 9M/12

	9M/13	9M/12		9M/13	9M/12
Energy management			Infrastructure management		
Sales €m	43.05	44.54	Sales €m	22.71	17.96
Share in total sales	33.4%	35.1%	Share in total sales	17.6%	14.2%
EBIT margin	-2.3%	4.7%	EBIT margin	10.8%	11.2%
Production management			Group		
Sales €m	63.33	64.23	Total Sales	129.09	126.73
Share in total sales	49.1%	50.7%	change y-o-y	1.9%	
EBIT margin	0.4%	7.0%			

Source: Company data, Dr. Kalliwoda Research GmbH

Profitability

Share in total sales 9M/13 vs. 9M/12



Source: Company data, Dr. Kalliwoda Research GmbH

In 9M/13, PSI generated an EBIT of €0.8m, which was 89.7% lower y-o-y. The decrease stemmed from the following factors: (1) the share of personnel expenses increased significantly as PSI expanded its workforce particularly in export markets (1,701 vs. 1,577 as of 30 September 2012) (2) a one-off negative effect totaling €0.8m as well as (3) increased one-off expenses relating to the development of an energy management system for railways and a transport management system for providers of logistics services. Net income, which went down from €5.5m in 9M/12 to €-2.8m, was additionally negatively impacted by higher deferred tax assets.

Balance Sheet and Cash Flow

At the end of September 2013, PSI had an equity ratio of 36.9% (31/12/2012: 39.5%) and working capital of €24.6m (€22.8m). Interest-bearing debt, which totalled €46.6m (€48.3m), was mainly long-term.

Although net income decreased significantly y-o-y, the operating cash flow improved from €-4.4m in 9M/12 to €-2.8m. The reason were much lower investments into working capital (€3.3m vs. €13.1m). While cash outflow from investing activity remained unchanged y-o-y (€2.5m), cash flow from financing deteriorated from €-2.8m to €-6.4m due to debt repayments and a higher dividend. In total, PSI's liquid funds position declined by €11.8m to €1.5m between January and September. At the end of Q3/13, the company had a net gearing of 38.1%.

6 Outlook

In September 2013, PSI's management have decreased their EBIT guidance for 2013 from €12-15m to €5.2m. The reasons were a one-off negative effect of €0.8m stemming from the out-of-court settlement of a legal dispute with a foreign client as well as higher development costs relating to an energy and transport management system. For 2014 and 2015, PSI now forecasts an EBIT of €12m and €15m respectively due to continuously weak investment activity of the European energy utilities.

We have adjusted our EBIT estimates accordingly, whereby we have chosen a slightly more conservative approach than the company. This and higher net debt q-o-q lowers our 12-months DCF-based price target from previously €14.20 to €13.20 which at current level equals an upside of 5.8%.

However, our general view on PSI has not changed. We strongly believe in the company's product portfolio and its management and see extraordinary long-term growth opportunities especially in emerging markets such as Eastern Europe, South East Asia and Latin America.

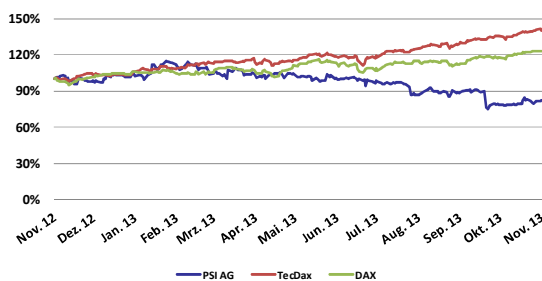
Our forecasts 2013E - 2015E

in EURm	2013E		2014E		2015E	
	old	new	old	new	old	new
Net sales	189.93	189.93	208.55	208.55	225.86	225.86
EBITDA	12.77	9.36	16.94	16.52	20.38	19.93
EBITDA margin	6.7%	4.9%	8.1%	7.9%	9.0%	8.8%
EBIT	8.54	5.12	12.29	11.87	15.34	14.89
EBIT margin	4.5%	2.7%	5.9%	5.7%	6.8%	6.6%
Net income	4.51	2.12	7.06	6.77	9.13	8.81
Net margin	2.4%	1.1%	3.4%	3.2%	4.0%	3.9%

Source: Dr. Kalliwoda Research GmbH

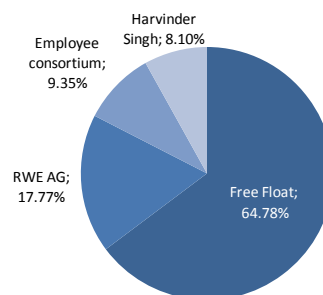
7 Stock and shareholder structure

Stock Price Development



Source: Thomson Reuters Knowledge

Shareholder Structure



Source: Company data, Dr. Kalliwoda Research GmbH

8 Profit and loss statements

Profit and loss statement - PSI AG						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Sales split						
<i>Energy management</i>	59.79	65.46	68.89	62.29	64.39	70.49
<i>Production management</i>	62.21	67.27	78.59	89.42	93.51	103.09
<i>Infrastructure management</i>	24.98	25.96	22.07	29.17	32.03	34.96
Net sales	146.99	158.69	169.54	180.89	189.93	208.55
<i>Change in inventories</i>	0.07	0.06	-0.03	-0.22	-0.24	-0.25
Total Output	147.06	158.75	169.52	180.66	189.69	208.29
<i>Cost of goods sold</i>	-28.49	-26.30	-31.12	-36.13	-37.93	-41.65
Gross profit	118.57	132.45	138.39	144.54	151.76	166.64
<i>Other operating income</i>	3.59	6.66	5.06	8.52	3.79	4.17
<i>Personnel costs</i>	-83.63	-94.16	-95.78	-100.85	-112.87	-123.52
<i>Depreciation & Amortization</i>	-3.63	-4.43	-3.98	-4.03	-4.24	-4.65
<i>Other operating expenses</i>	-27.09	-31.00	-33.03	-35.29	-33.33	-30.77
EBIT	7.81	9.51	10.67	12.89	5.12	11.87
<i>Net financial results</i>	-0.87	-1.64	-1.94	-1.55	-2.10	-2.20
EBT	6.95	7.88	8.72	11.34	3.02	9.67
<i>Income taxes</i>	-0.34	-0.83	-1.28	-1.98	-0.91	-2.90
<i>Minority interests</i>	0.00	0.00	0.00	0.00	0.00	0.00
Net income / loss	6.60	7.05	7.44	9.36	2.12	6.77
<i>EPS</i>	0.46	0.45	0.47	0.60	0.13	0.43
<i>DPS</i>	0.21	0.23	0.25	0.30	0.00	0.30
Change y-o-y						
<i>Net sales</i>	n.a	7.96%	6.84%	6.69%	5.00%	9.80%
<i>Total Output</i>	n.a	7.95%	6.78%	6.58%	5.00%	9.81%
<i>Cost of goods sold</i>	n.a	-7.67%	18.32%	16.07%	5.00%	9.81%
<i>Gross profit</i>	n.a	11.70%	4.49%	4.44%	5.00%	9.81%
<i>Other operating income</i>	n.a	85.38%	-24.00%	68.51%	-55.49%	9.81%
<i>Personnel costs</i>	n.a	12.60%	1.71%	5.30%	11.92%	9.44%
<i>Depreciation & Amortization</i>	n.a	21.87%	-10.03%	1.33%	5.00%	9.80%
<i>Other operating expenses</i>	n.a	14.44%	6.56%	6.85%	-5.56%	-7.69%
<i>EBIT</i>	n.a	21.76%	12.10%	20.82%	-60.25%	131.81%
<i>Net financial results</i>	n.a	88.26%	18.64%	-20.14%	35.48%	4.76%
<i>EBT</i>	n.a	13.43%	10.74%	29.93%	-73.34%	220.11%
<i>Income taxes</i>	n.a	142.98%	54.03%	54.45%	-54.15%	220.11%
<i>Net income / loss</i>	n.a	6.72%	5.63%	25.71%	-77.40%	220.11%
<i>EPS</i>	n.a	-2.17%	4.44%	27.01%	-77.43%	220.11%
<i>DPS</i>	n.a	9.52%	8.70%	20.00%	-100.00%	n.a
Share in total sales						
<i>Net sales</i>	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
<i>Total Output</i>	100.05 %	100.04 %	99.98 %	99.88 %	99.87 %	99.88 %
<i>Cost of goods sold</i>	-19.38 %	-16.58 %	-18.36 %	-19.97 %	-19.97 %	-19.97 %
<i>Gross profit</i>	80.67 %	83.46 %	81.63 %	79.91 %	79.90 %	79.91 %
<i>Other operating income</i>	2.44 %	4.19 %	2.98 %	4.71 %	2.00 %	2.00 %
<i>Personnel costs</i>	-56.90 %	-59.34 %	-56.49 %	-55.75 %	-59.42 %	-59.23 %
<i>Depreciation & Amortization</i>	-2.47 %	-2.79 %	-2.35 %	-2.23 %	-2.23 %	-2.23 %
<i>Other operating expenses</i>	-18.43 %	-19.53 %	-19.48 %	-19.51 %	-17.55 %	-14.75 %
<i>EBIT</i>	5.32 %	6.00 %	6.29 %	7.12 %	2.70 %	5.69 %
<i>Net financial results</i>	-0.59 %	-1.03 %	-1.14 %	-0.86 %	-1.11 %	-1.05 %
<i>EBT</i>	4.72 %	4.96 %	5.15 %	6.27 %	1.59 %	4.64 %
<i>Income taxes</i>	-0.23 %	-0.52 %	-0.75 %	-1.09 %	-0.48 %	-1.39 %
<i>Net income / loss</i>	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

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9 Balance sheets

Balance sheet - PSI AG						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Assets						
Cash and cash equivalents	20.77	28.88	33.85	33.34	41.07	49.09
Inventories	2.84	3.40	4.05	4.02	4.22	4.63
Trade accounts and notes receivables	33.75	27.94	31.16	34.07	35.77	39.28
Receivables from long-term manufacturing	32.69	37.24	37.55	42.24	42.07	46.19
Other current assets	3.50	6.68	3.86	4.63	4.32	4.75
Current assets	93.54	104.15	110.47	118.30	127.45	143.94
Property, plant and equipment	9.34	13.71	14.46	14.24	15.34	16.44
Other intangibles assets	4.66	2.67	2.26	2.96	3.11	3.41
Goodwill	43.92	43.92	43.92	44.53	44.53	44.53
Shares in associated companies	0.36	0.40	0.21	0.43	0.23	0.26
Deferred tax assets	2.90	4.31	4.33	5.98	5.35	0.00
Non-current assets	61.19	65.01	65.19	68.14	68.56	64.64
Total assets	154.74	169.16	175.66	186.44	196.01	208.58
Liabilities						
Trade payables	14.61	15.41	16.98	15.65	16.22	17.58
Other liabilities	23.15	25.77	27.71	27.98	31.04	34.08
Liabilities from long-term manufacturing	15.40	16.15	20.23	18.55	22.67	24.89
Financial liabilities	1.56	2.49	2.34	5.45	5.35	5.25
Provisions	0.48	0.29	0.24	0.18	0.19	0.21
Current liabilities	55.19	60.11	67.50	67.80	75.46	82.00
Long-term bank debt	0.84	5.67	0.80	3.90	3.85	3.80
Pension provisions	30.10	33.61	32.10	39.00	40.95	44.96
Deferred tax liabilities	2.31	1.67	2.36	2.11	0.00	0.00
Long-term liabilities	33.25	40.95	35.26	45.00	44.80	48.76
Total liabilities	88.45	101.07	102.75	112.80	120.26	130.76
Shareholders equity	66.29	68.09	72.91	73.64	75.75	77.81
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00
Total equity and liabilities	154.74	169.16	175.66	186.44	196.01	208.58

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10 Cash flow statements

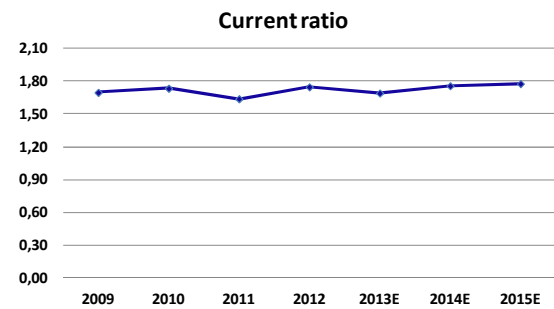
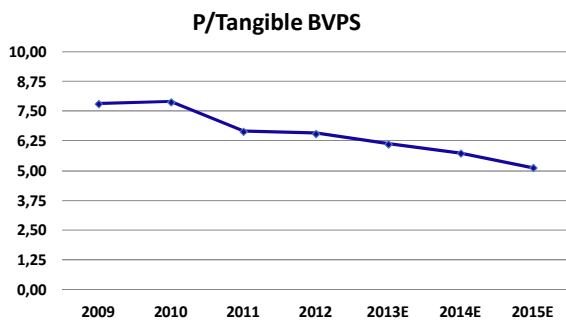
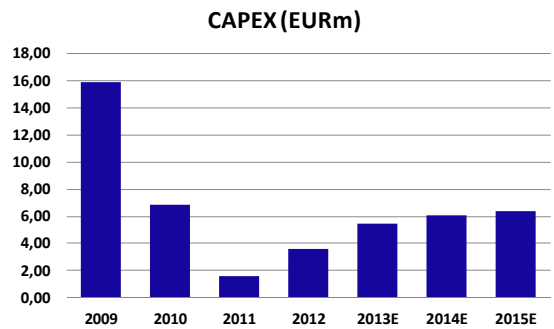
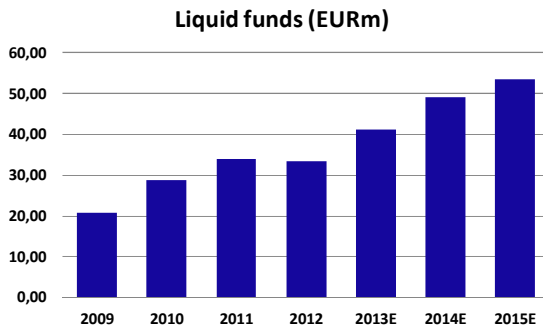
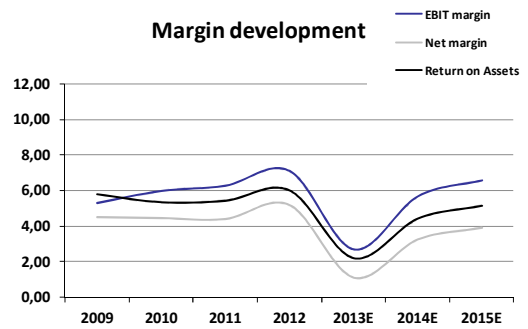
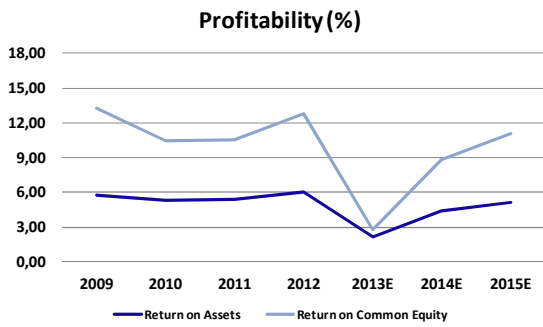
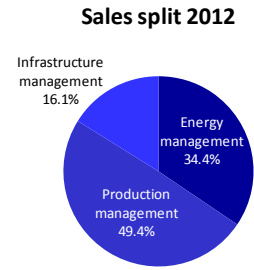
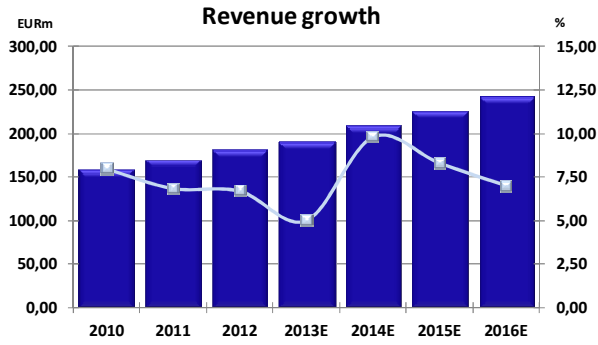
Cash flow statement - PSI AG						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Net income / loss	6.60	7.05	7.44	9.36	2.12	6.77
Depreciation & Amortization	3.63	4.43	3.98	4.03	4.24	4.65
Change of working capital	-5.65	-0.21	-2.82	-8.97	6.33	-1.84
Others	-0.19	1.88	6.76	-3.62	-1.46	5.37
Net operating cash flow	4.40	13.14	15.37	0.81	11.22	14.95
Cash flow from investment	-15.87	-6.82	-1.60	-3.63	-5.48	-6.06
Free cash flow	-11.47	6.32	13.76	-2.82	5.73	8.89
Cash flow from financing	8.58	1.46	-8.95	2.27	1.99	-0.87
Change of cash	-2.89	8.12	4.96	-0.51	7.73	8.02
Cash at the beginning of the period	23.65	20.77	28.88	33.85	33.34	41.07
Cash at the end of the period	20.77	28.88	33.85	33.34	41.07	49.09

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11 Financial ratios

Fiscal year	2009	2010	2011	2012	2013E	2014E	2015E	2016E
Gross margin	80.63%	83.43%	81.64%	80.00%	80.00%	80.00%	80.00%	80.00%
EBITDA margin	7.79%	8.78%	8.64%	9.35%	4.93%	7.92%	8.82%	10.12%
EBIT margin	5.31%	5.99%	6.29%	7.13%	2.70%	5.70%	6.60%	7.90%
Net margin	4.49%	4.44%	4.39%	5.18%	1.12%	3.25%	3.91%	4.83%
Return on equity (ROE)	13.20%	10.49%	10.56%	12.77%	2.83%	8.82%	11.04%	13.77%
Return on assets (ROA)	5.81%	5.36%	5.44%	6.02%	2.20%	4.43%	5.16%	6.13%
Return on capital employed (ROCE)	7.46%	7.80%	8.41%	8.97%	2.97%	6.57%	7.77%	9.30%
Net debt (in EURm)	11.74	12.89	1.39	15.01	9.08	4.92	4.13	1.16
Net gearing	17.70%	18.93%	1.91%	20.38%	11.99%	6.32%	5.05%	1.32%
Equity ratio	42.84%	40.25%	41.51%	39.50%	38.65%	37.31%	36.79%	37.01%
Current ratio	1.69	1.73	1.64	1.74	1.69	1.76	1.77	1.81
Quick ratio	1.05	1.06	1.02	1.06	1.08	1.14	1.15	1.18
Net interest cover	8.99	5.82	5.49	8.31	2.44	5.40	6.47	7.95
Net debt/EBITDA	1.03	0.92	0.09	0.89	0.97	0.30	0.21	0.05
Tangible BVPS	1.56	1.54	1.83	1.86	1.99	2.12	2.37	2.75
Capex/Sales	-23.74%	-4.28%	-2.56%	-2.83%	-2.89%	-2.90%	-2.84%	-2.77%
Working capital/Sales	13.35%	11.30%	6.90%	12.60%	8.67%	8.78%	8.88%	8.99%
EV/Sales	1.50	1.39	1.30	1.22	1.16	1.06	0.98	0.91
EV/EBITDA	19.30	15.85	15.08	13.05	23.60	13.37	11.08	9.03
EV/EBIT	28.27	23.22	20.71	17.14	43.12	18.60	14.83	11.58
P/Tangible BVPS	8.01	8.08	6.82	6.72	6.27	5.88	5.26	4.54
P/E	27.12	27.72	26.54	20.90	92.58	28.92	22.22	16.78
P/FCF	30.91	14.20	-69.37	34.07	21.97	34.39	22.41	15.68

Source: Company data, Dr. Kalliwoda Research GmbH



Source: Company data, Dr. Kalliwoda Research GmbH

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