

August 15, 2012

Europe | Germany | IT &amp; Software

DR. KALLIWODA  
RESEARCH GmbH

## Update

## BUY

Target price: EUR 5.00

## REALTECH AG

## Lowering PT after weak H1/12

## Overview

Industry:	IT Services & Consulting
Country:	Germany
Reuters:	RTCG.DE
WKN	700890
Website:	www.realtech.de

Current Price:	4,85
	High Low
Price 52W.:	7,18 4,05
Market Cap. (Mill. EUR)	24,5
No. Of Shares (in Mill.)	5,4

## Shareholders

Free Float	50,11%
Daniele Di Croce	16,44%
Rainer Schmidt	14,22%
Peter Stier	13,84%
BWVA	5,39%

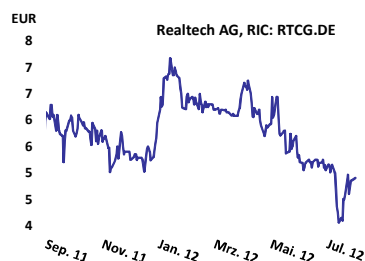
## Performance

4 Weeks	-3,2%
13 Weeks	-24,7%
26 Weeks	-25,4%
52 Weeks	-18,9%
YTD	-3,4%

## Dividend

	EUR/Share	in %
2008	0,50	11,64%
2009	0,50	11,64%
2010	0,00	0,00%
2011	0,30	6,98%
2013e	0,42	50%

## 52-Week Chart



## Analyst Coverage

Dr. Norbert Kalliwoda  
Email: nk@kalliwoda.com  
Phone: +49 69 97 20 58 53  
www.kalliwoda.com

■ REALTECH's H1/12 results were weak in our view. While on the sales level the company reported an increase of 2.6% y-o-y to €18.9m, the operating income deteriorated from €-0.6m in the previous year to €-0.9m. Due to a profit from discontinued operations of €12m in H1/11 the net income decreased even more, from €0.2m to €-1.5m.

■ In H1/12, the main growth driver was the Consulting segment (+3.9% y-o-y to €12.8m), which benefitted from an improved utilization of consultants. In the Asia/Pacific region, which was particularly affected by a strong recovery of sales in Japan (+131% to €3m) after the Fukushima catastrophe in H1/11, REALTECH registered a growth of 64.6% y-o-y to €4.5m. However, the company's EBIT and net income came in lower y-o-y due to lower software license sales and investments in personnel, marketing and products.

■ Due to a much weaker net income y-o-y and an increase of working capital the operating cash flow deteriorated from €5.3m in H1/11 to €0.3m. Together with cash outflows from investing and financing activity – in contrast to 2011 REALTECH paid out €1.6m in dividends - this resulted in a reduction of the cash position by €1.6m to €11.6m in H1/12. As liquid funds remained higher than interest-bearing debt, the company's net gearing amounted to -27.7% as of 30 June 2012.

■ After weak H1/12 and a cautious outlook – management see business suffering from pressure on pricing and investment restraint - we have lowered our 12-months DCF-based price target for REALTECH from previously €8.64 to €5.00 (Buy rating unchanged). For full-year 2012, we now expect an EBIT at roughly 0 and a net loss. However, we believe that the current market price constitutes a good level to start building up positions in the stock in order to benefit from an expected business recovery in fiscal-year 2013. As the net cash position remains high, risks are limited in our view.

## Key Figures

EURm	2008	2009	2010	2011	2012E	2013E
Net sales	70.82	61.68	39.50	39.18	44.74	51.90
EBITDA	8.04	3.71	5.33	1.41	1.42	2.68
EBIT	7.03	2.58	4.18	0.17	0.01	1.04
Net income	5.70	1.20	-1.37	0.81	-0.18	0.54
EPS	1.09	0.23	-0.26	0.15	-0.03	0.10
BVPS	5.42	5.26	4.60	4.77	4.72	4.82
RoE	20.01%	4.27%	-5.26%	3.22%	-0.71%	2.10%
EBIT margin	9.92%	4.18%	10.58%	0.43%	0.02%	2.00%
P/E	3.96	18.86	neg.	28.60	neg.	42.80
P/BVPS	0.79	0.82	0.94	0.90	0.91	0.89
EV/EBITDA	2.10	4.55	3.17	12.01	11.87	6.31

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## 1 Company profile

REALTECH AG is one of the leading German IT consultancies. The company was founded in 1994 in Walldorf, near Heidelberg, and has been listed on the Frankfurt stock exchange since 1999. Apart from Germany, REALTECH also has operations in other European countries, Asia/Pacific and North America. At the end of June 2012, the company had 332 employees, thereof 240 in Germany.

In the past, the fast progress of IT technology has resulted in a high number of enterprise application systems as well as a diverse, heterogenic IT landscape. Especially, not-integrated standalone systems, self-developed software and isolated applications have led to significant integration deficits, which at company level have limited cross-functional work processes and complicated information supply for disposition tasks. REALTECH's IT consulting services can facilitate an instant integration of customers and suppliers into the value chain, which in turn can prevent media disruption and redundancies and allow new forms of intercompany collaboration. REALTECHs's products allow IT departments or IT outsourcers to run a variety of applications and IT systems securely and efficiently and reduce IT costs significantly.

## 2 SWOT Analysis

Strength	Weaknesses
<ul style="list-style-type: none"> <li>• <b>Due to the long-standing co-operation with and proximity to SAP</b> REALTECH has a know-how edge when it comes to SAP applications.</li> <li>• <b>A unique selling point in the area of Consulting</b> is the combination of SAP knowledge as well as supplemental business and strategic consulting. Thus, REALTECH can provide a fast and long-term project success. Due to the partnership, which is also valid in foreign markets, it is also possible to integrate international locations into a comprehensive IT landscape.</li> <li>• <b>theGuard! product family</b> is an internationally unique software portfolio for the monitoring and the secure operation of IT systems for company-wide use. In Europe, REALTECH is the largest manufacturer of IT service management solutions. Unique selling points are the close connection of all disciplines, the centralized storage according to standards such as ITIL as well as the application in small companies, simultaneously guaranteeing future scalability of product use.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Concentration on SAP solutions</b> means a high dependence on market acceptance and SAP's existing customers. Thus, there is high business risk. However, a wide geographic diversification with branches in Europe, Asia and the US and cross-industry product distribution in over 25 countries reduces the above-mentioned risk.</li> <li>• <b>There is strong competition</b> in the area of Consulting.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• <b>The OEM contract with SAP</b> in the area of IT infrastructure management as well as expansion of SAP solutions should all contribute to internationalization and growth of high-margin sales.</li> <li>• <b>Due to standardization</b> of the consulting portfolio, product sales in new countries and third-party sales of the enterprise solution for SAP ByDesign, there is an opportunity to generate high scale effects.</li> <li>• <b>A higher demand for change management support</b>, driven by the trend to use external suppliers in order to further develop SAP software should lead to additional sales.</li> <li>• <b>IT systems increasingly constitute the basis</b> for cross-departmental business processes, which lead to a higher level of complexity. Thus, there is higher demand for REALTECH's solutions for flexible, automated and failsafe systems.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>The ongoing consolidation</b> within the IT industry can intensify competition through new or stronger competitors. This would result in a loss of revenues or lower prices.</li> <li>• <b>A lack of qualified personnel</b> caused by a structural shortage of supply in the industry would make it more difficult for the company to become aware of its opportunities. This is being counteracted by REALTECH's reputation as an attractive training provider, which stems from the company's SAP know how.</li> </ul>

### 3 Valuation

In order to value REALTECH, we have used our DCF model, which derives a 12-months price target for the stock of €5.00. Compared to the current market level, this corresponds to an upside of 16.4%.

#### *DCF model*

##### WACC assumptions

###### Growth assumptions

Long-term growth rate	2.0%
Assimilation phase (from 2015)	5 years
Sales growth at the beginning	13.3%
Margin development (p.a)	-1 BP

###### Equity

Risk-free rate	2.3%
Market risk premium	6.0%
Beta	1.20

###### Equity costs

**9.5%**

###### Debt costs

Debt costs (before tax)	6.0%
Tax rate on interest	30.0%

###### Debt costs (after tax)

**4.2%**

Equity	100
Debt	0
Gearing	0.0%

###### WACC

**9.50%**

## Discounted Cash Flow Model (Basis 08/2012)

in EURm	Phase 1								
	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
<b>Net sales</b>	<b>44.74</b>	<b>51.90</b>	<b>59.68</b>	<b>67.62</b>	<b>74.39</b>	<b>79.96</b>	<b>83.96</b>	<b>86.48</b>	<b>88.21</b>
(y-o-y change)	14.2%	16.0%	15.0%	13.3%	10.0%	7.5%	5.0%	3.0%	2.0%
<b>EBIT</b>	<b>0.01</b>	<b>1.04</b>	<b>1.79</b>	<b>2.70</b>	<b>3.35</b>	<b>3.52</b>	<b>3.61</b>	<b>3.63</b>	<b>3.60</b>
(EBIT margin)	0.0%	2.0%	3.0%	4.0%	4.5%	4.4%	4.3%	4.2%	4.1%
<b>NOPLAT</b>	<b>0.01</b>	<b>0.73</b>	<b>1.25</b>	<b>1.89</b>	<b>2.34</b>	<b>2.46</b>	<b>2.53</b>	<b>2.54</b>	<b>2.52</b>
+ Depreciation	1.41	1.64	1.89	2.14	2.35	2.53	2.65	2.73	2.79
= Net operating cash flow	1.42	2.37	3.14	4.03	4.69	4.99	5.18	5.28	5.31
- Total investments (Capex and WC)	-2.21	-2.52	-2.80	-3.06	-3.21	-3.32	-3.37	-3.37	-3.38
Capital expenditure	-1.98	-2.22	-2.47	-2.73	-2.93	-3.09	-3.20	-3.26	-3.31
Working capital	-0.23	-0.30	-0.33	-0.33	-0.28	-0.23	-0.17	-0.11	-0.07
= Free cash flow (FCF)	-0.79	-0.15	0.34	0.97	1.48	1.67	1.81	1.91	1.93
<b>PV of FCFs</b>	<b>-0.76</b>	<b>-0.14</b>	<b>0.27</b>	<b>0.71</b>	<b>0.99</b>	<b>1.02</b>	<b>1.01</b>	<b>0.97</b>	<b>0.90</b>

PV of FCFs in explicit period	4.99
PV of FCFs in terminal period	14.40
<b>Enterprise value (EV)</b>	<b>19.39</b>
+ Net cash / - net debt	6.25
+ Investments / - Minorities	-1.03
<b>Shareholder value</b>	<b>24.61</b>
<b>Number of shares outstanding (m)</b>	<b>5.39</b>
WACC	9.5%
Equity costs	9.5%
Debt costs before tax	6.0%
Tax rate	30.0%
Debt costs after tax	4.2%
Equity ratio	100.0%
Debt ratio	0.0%
<b>Fair value per share in € (today)</b>	<b>4.57</b>
<b>Fair value per share in € (in 12 months)</b>	<b>5.00</b>

Sensitivity analysis		Terminal EBIT margin						
		1.1%	2.1%	3.1%	4.1%	5.1%	6.1%	7.1%
WACC	6.5%	3.42	5.10	6.77	8.45	10.12	11.80	13.48
	7.5%	3.07	4.34	5.61	6.87	8.14	9.41	10.67
	8.5%	2.81	3.81	4.80	5.79	6.78	7.77	8.77
	9.5%	2.62	3.41	4.21	5.00	5.80	6.60	7.39
	10.5%	2.46	3.11	3.76	4.41	5.06	5.71	6.36
	11.5%	2.32	2.86	3.40	3.94	4.48	5.02	5.56

Source: Dr. Kalliwoda Research GmbH

## 4 H1 2012 financial results

### Revenues

In H1/12, REALTECH generated total sales of €18.9m, which were 2.6% higher y-o-y. With +3.9% to €12.8m, the highest growth was registered in the Consulting segment, which benefitted from a higher utilisation of its consultants. Revenues of the high-margin Software segment remained flat y-o-y, however sales of software licenses went down markedly, which resulted in a lower gross margin of the segment (84.3% vs. 86.2% in H1/11). In terms of regional sales split, all but USA and Asia/Pacific reported lower sales y-o-y. Asia/Pacific, which increased its share in REALTECH's total revenues from 14.7% to 23.6%, benefitted especially from a strong recovery of sales in Japan after the earthquake in H1/11.

**H1/12 vs. previous year**

H1/2012 vs previous year			
in EURm	H1 2012	H1 2011	change (%)
Net sales	18.87	18.39	2.6%
EBITDA	-0.22	-0.14	57.0%
EBITDA margin	-1.2%	-0.8%	
EBIT	-0.85	-0.60	41.6%
EBIT margin	-4.5%	-3.3%	
Net income	-1.47	0.21	-814.5%
Net margin	-7.8%	1.1%	

Source: Company data, Dr. Kalliwoda Research GmbH

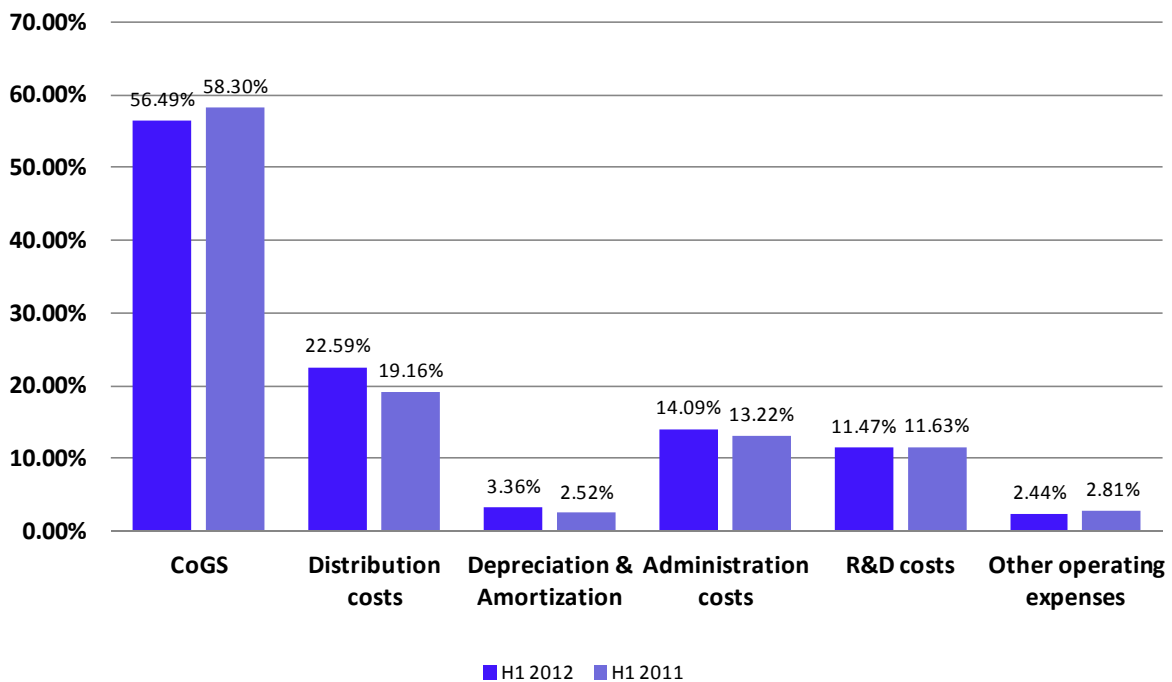
**Sales and gross margins according to segments**

Sales and EBIT margins according to segments H1/12 vs. H1/11				
	H1 2012	H1 2011	H1 2012	H1 2011
<b>Consulting</b>			<b>Group</b>	
Sales €m	12.79	12.31	Total sales	18.87 18.39
share in total sales	67.8%	66.9%	change y-o-y	2.6%
Gross margin	24.2%	19.7%		
<b>Software</b>				
Sales €m	6.07	6.08		
share in total sales	32.2%	33.1%		
Gross margin	84.3%	86.2%		
<b>Germany</b>			<b>USA</b>	
Sales €m	12.53	13.57	Sales €m	1.53 1.49
share in total sales	66.4%	73.8%	share in total sales	8.1% 8.1%
<b>RoE (Portugal, Nordic)</b>			<b>Asia/Pacific</b>	
Sales €m	-0.43	0.00	Sales €m	4.45 2.71
share in total sales	153.2%	148.6%	share in total sales	23.6% 14.7%

Source: Company data, Dr. Kalliwoda Research GmbH

## Profitability

### Share in sales H1/12 vs. H1/11



Source: Company data, Dr. Kalliwoda Research GmbH

Despite higher sales y-o-y, REALTECH's EBIT and net income were negative in H1/12. The main reasons were a higher share of distribution and administration costs as the company invested more into personnel e.g. trainings, additional sales staff, and marketing activities relating to the co-operation with SAP AG in the area of IT service management. Additionally, in contrast to H1/11 there was no gain from discontinued operations (€1.2m), which in the previous year stemmed from the dissolution of write-downs relating to financial receivables of REALTECH Italy.

### Balance Sheet and Cash Flow

At the end of June 2012, the most important positions on REALTECH's balance sheet were (1) equity of €22.5m (2) PP&E of €13.5m and (3) cash of €11.6m. As of 30 June 2012, the company had interest-bearing debt of €6.1m (short- and long-term finance lease obligations) and liquid funds (cash plus financial assets) of €12.3m. Thus, the net cash position amounted to €6.3m.

Due to the net loss and an increase of working capital by €0.4m (H1/11: decrease of €5.2m) REALTECH's operating cash flow deteriorated from €53m to €0.3m. Together with a cash outflow from investing of €0.4m and from financing of €1.6m which stemmed from a dividend payout, this resulted in a lower cash position compared to the beginning of 2012 (€11.6m vs. €13.2m).



## 5 Outlook

In the last quarters, REALTECH has optimized its service portfolio, which has hit gross margins especially in the Consulting segment. The company has put a strong focus on trend themes such as real-time processing and analysis of large data volumes (In-Memory-Computing), mobile access to data and cloud applications, all around products of its partner SAP AG (e.g. SAP HANA solution). As enterprise processes increasingly base on software and corporate customers need know how for the management of their IT systems, REALTECH expects to grow its Consulting business strongly in the next years.

In the Software segment, management's strategic objective is to become a leading player in the IT service management market through (1) the co-operation with SAP and (2) international expansion. REALTECH plans to combine its proprietary components e.g. theGuard! with SAP's solutions and work together with SAP on distribution.

For the whole fiscal-year 2012, management guide for a positive EBIT, however see business suffering from pricing pressure and cautious customers, which limit their investments due to the European debt crisis and uncertain economic situation. Because of that and a disappointing H1/12, we have lowered our forecasts for 2012 and due to the basis effect also for the next years.

### Our forecasts 2012E-14E

Our Forecasts 2012E - 2014E			
in EURm	2012E	2013E	2014E
Net sales	44.74	51.90	59.68
EBITDA	1.42	2.68	3.68
EBITDA margin	3.2%	5.2%	6.2%
EBIT	0.01	1.04	1.79
EBIT margin	0.0%	2.0%	3.0%
Net income	-0.18	0.54	1.07
Net margin	-0.4%	1.0%	1.8%

Source: Dr. Kalliwoda Research GmbH

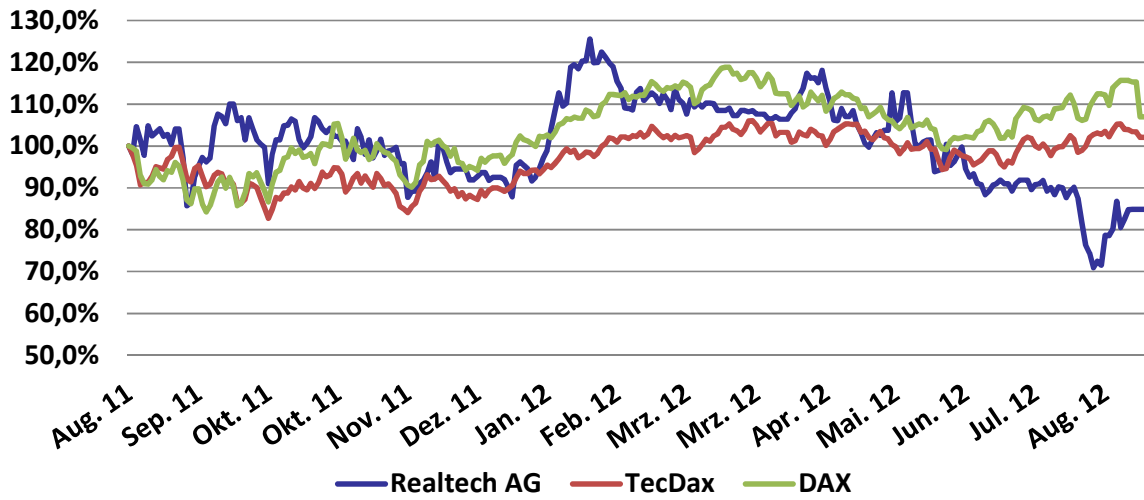
### Sales estimates according to segments 2012E-14E

Sales estimates according to segments 2012E-2014E			
in EURm	2012E	2013E	2014E
Consulting	30.23	35.12	40.45
change y-o-y	14.4%	16.2%	15.2%
share in total sales	67.6%	67.7%	67.8%
Software	14.51	16.78	19.24
change y-o-y	13.8%	15.6%	14.6%
share in total sales	32.4%	32.3%	32.2%
Total sales	44.74	51.90	59.68

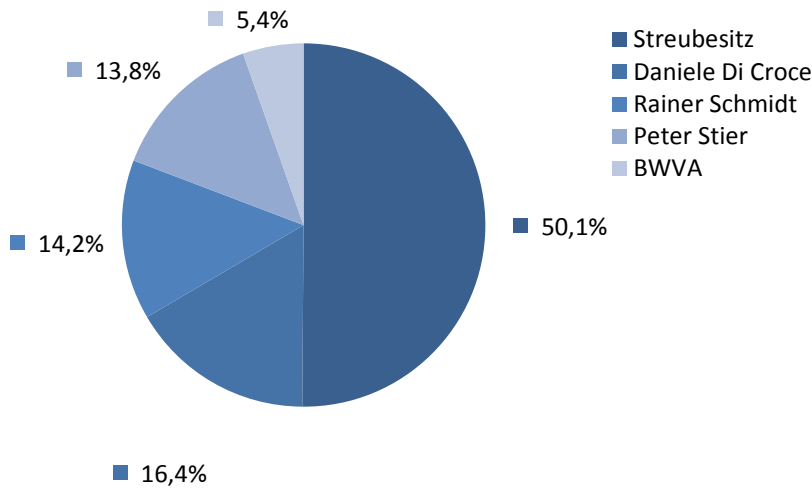
Source: Dr. Kalliwoda Research GmbH

## 6 Stock and Shareholder Structure

### Stock Price Development



### Shareholder Structure



## 7 Profit and loss statements

Profit and loss statement - Realtech AG						
	Fiscal year					
in EURm	2008	2009	2010	2011	2012E	2013E
<b>Sales split</b>						
Consulting	54.05	49.53	26.60	26.43	30.23	35.12
Software	16.77	12.15	12.90	12.74	14.51	16.78
<b>Net sales</b>	<b>70.82</b>	<b>61.68</b>	<b>39.50</b>	<b>39.18</b>	<b>44.74</b>	<b>51.90</b>
Change in inventories	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Output</b>	<b>70.82</b>	<b>61.68</b>	<b>39.50</b>	<b>39.18</b>	<b>44.74</b>	<b>51.90</b>
Cost of goods sold	-42.90	-39.69	-20.39	-20.99	-23.98	-27.81
<b>Gross profit</b>	<b>27.92</b>	<b>21.99</b>	<b>19.11</b>	<b>18.18</b>	<b>20.77</b>	<b>24.09</b>
Other operating income	2.53	2.04	2.04	1.05	1.07	1.09
Distribution costs	-9.16	-8.48	-6.48	-7.61	-7.61	-8.77
Depreciation & Amortization	-1.01	-1.13	-1.15	-1.24	-1.41	-1.64
Administration costs	-7.05	-6.68	-4.66	-4.97	-5.59	-6.38
R&D costs	-4.62	-3.85	-3.62	-4.30	-4.47	-5.09
Other operating expenses	-1.57	-1.31	-1.05	-0.94	-2.74	-2.26
<b>EBIT</b>	<b>7.03</b>	<b>2.58</b>	<b>4.18</b>	<b>0.17</b>	<b>0.01</b>	<b>1.04</b>
Net financial results	1.47	-0.15	-0.20	-0.21	-0.27	-0.26
<b>EBT</b>	<b>8.50</b>	<b>2.43</b>	<b>3.98</b>	<b>-0.04</b>	<b>-0.26</b>	<b>0.78</b>
Income taxes	-2.69	-1.12	-2.38	-0.17	0.08	-0.23
Minority interests	-0.11	-0.10	-0.01	-0.09	0.00	0.00
<b>Net income / loss</b>	<b>5.70</b>	<b>1.20</b>	<b>1.59</b>	<b>-0.30</b>	<b>-0.18</b>	<b>0.54</b>
EPS	1.09	0.23	-0.26	0.15	-0.03	0.10
DPS	0.50	0.50	0.00	0.30	0.00	0.00
<b>Change y-o-y</b>						
Net sales	n.a	-12.92%	-35.95%	-0.82%	14.20%	16.00%
Total Output	n.a	-12.92%	-35.95%	-0.82%	14.20%	16.00%
Cost of goods sold	n.a	-7.49%	-48.61%	2.94%	14.20%	16.00%
Gross profit	n.a	-21.25%	-13.10%	-4.83%	14.20%	16.00%
Distribution costs	n.a	-7.41%	-23.61%	17.53%	-0.11%	15.32%
Depreciation & Amortization	n.a	11.87%	1.54%	7.64%	14.20%	16.00%
Administration costs	n.a	-5.34%	-30.14%	6.64%	12.40%	14.14%
R&D costs	n.a	-16.80%	-5.78%	18.64%	4.10%	13.68%
Other operating expenses	n.a	-16.89%	-20.09%	-10.58%	192.68%	-17.52%
EBIT	n.a	-63.32%	62.18%	-95.98%	-94.68%	11500.00%
Net financial results	n.a	-110.19%	30.79%	4.71%	31.58%	-3.70%
EBT	n.a	-71.43%	64.12%	-100.93%	603.61%	-398.02%
Income taxes	n.a	-58.24%	111.93%	-92.74%	-145.38%	-398.02%
Net income / loss	n.a	-78.91%	32.40%	-118.99%	-39.98%	-398.02%
EPS	n.a	-79.00%	-213.32%	-158.20%	-122.42%	-398.02%
DPS	n.a	0.00%	-100.00%	n.a	-100.00%	#DIV/0!
<b>Share in total sales</b>						
Net sales	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Total Output	179.30 %	156.14 %	100.00 %	99.18 %	113.27 %	131.39 %
Cost of goods sold	-108.62 %	-100.48 %	-51.63 %	-53.59 %	-53.59 %	-53.59 %
Gross profit	70.68 %	55.66 %	48.37 %	46.41 %	46.41 %	46.41 %
Distribution costs	-23.19 %	-21.47 %	-16.40 %	-19.44 %	-17.00 %	-16.90 %
Depreciation & Amortization	-2.56 %	-2.87 %	-2.91 %	-3.16 %	-3.16 %	-3.16 %
Administration costs	-17.86 %	-16.91 %	-11.81 %	-12.70 %	-12.50 %	-12.30 %
R&D costs	-11.70 %	-9.73 %	-9.17 %	-10.97 %	-10.00 %	-9.80 %
Other operating expenses	-3.99 %	-3.31 %	-2.65 %	-2.39 %	-6.12 %	-4.35 %
EBIT	17.79 %	6.53 %	10.58 %	0.43 %	0.02 %	2.00 %
Net financial results	3.72 %	-0.38 %	-0.50 %	-0.52 %	-0.60 %	-0.50 %
EBT	21.51 %	6.15 %	10.09 %	-0.09 %	-0.58 %	1.50 %
Income taxes	-6.80 %	-2.84 %	-6.02 %	-0.44 %	0.18 %	-0.45 %
Net income / loss	14.44 %	3.04 %	4.03 %	-0.77 %	-0.41 %	1.04 %

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## 8 Balance sheets

Balance sheet - Realtech AG						
in EURm	Fiscal year					
	2008	2009	2010	2011	2012E	2013E
<b>Assets</b>						
Cash and cash equivalents	5.32	7.30	6.36	13.22	12.49	12.50
Securities	1.12	0.00	0.00	0.00	0.00	0.00
Trade accounts and notes receivables	24.03	17.99	16.71	9.88	11.29	13.09
Other current assets	1.78	1.74	4.35	4.93	5.63	6.54
<b>Current assets</b>	<b>32.25</b>	<b>27.04</b>	<b>27.42</b>	<b>28.04</b>	<b>29.41</b>	<b>32.13</b>
Property, plant and equipment	9.15	8.98	14.32	13.64	14.14	14.64
Other intangible assets	0.33	0.64	0.62	0.44	0.51	0.59
Goodwill	4.34	4.34	4.33	4.33	4.33	4.33
Other financial assets	0.14	0.15	0.20	0.66	0.75	0.87
Deferred tax assets	0.28	0.22	2.54	2.91	2.96	2.80
<b>Non-current assets</b>	<b>14.23</b>	<b>14.32</b>	<b>22.01</b>	<b>21.98</b>	<b>22.69</b>	<b>23.23</b>
<b>Total assets</b>	<b>46.48</b>	<b>41.35</b>	<b>49.43</b>	<b>50.02</b>	<b>52.10</b>	<b>55.36</b>
<b>Liabilities</b>						
Trade payables	2.34	1.93	1.46	1.36	1.55	1.80
Other liabilities	5.59	4.80	12.08	11.81	13.49	15.65
Short-term leasing debt	0.00	0.00	0.26	0.26	0.27	0.28
Provisions	8.84	5.68	3.04	3.05	3.48	4.04
<b>Current liabilities</b>	<b>16.77</b>	<b>12.41</b>	<b>16.85</b>	<b>16.48</b>	<b>18.79</b>	<b>21.77</b>
Long-term leasing debt	0.00	0.00	5.33	5.14	5.04	4.94
Deferred tax liabilities	0.48	0.38	1.85	1.84	1.90	1.73
<b>Long-term liabilities</b>	<b>0.48</b>	<b>0.38</b>	<b>7.18</b>	<b>6.99</b>	<b>6.94</b>	<b>6.68</b>
<b>Total liabilities</b>	<b>17.25</b>	<b>12.79</b>	<b>24.03</b>	<b>23.47</b>	<b>25.73</b>	<b>28.45</b>
<b>Shareholders equity</b>	<b>28.50</b>	<b>27.79</b>	<b>24.46</b>	<b>25.61</b>	<b>25.43</b>	<b>25.97</b>
Minority interests	0.72	0.78	0.94	0.93	0.93	0.94
<b>Total equity and liabilities</b>	<b>46.48</b>	<b>41.35</b>	<b>49.43</b>	<b>50.02</b>	<b>52.10</b>	<b>55.36</b>

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## 9 Cash flow statements

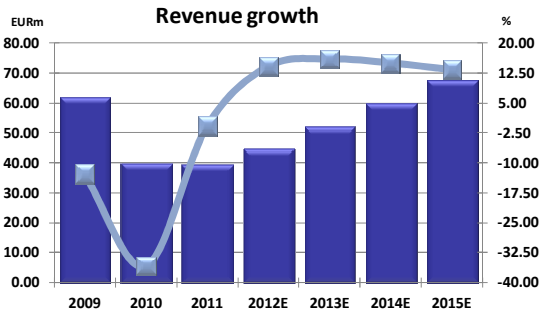
Cash flow statement - Realtech AG						
in EURm	Fiscal year					
	2008	2009	2010	2011	2012E	2013E
Net income / loss	5.70	1.20	-1.37	0.81	-0.18	0.54
Depreciation & Amortization	1.01	1.13	1.15	1.24	1.41	1.64
Change of working capital	-3.28	5.36	0.81	6.73	-0.23	-0.30
Others	-0.12	-2.58	1.65	-6.23	0.43	0.56
<b>Net operating cash flow</b>	<b>3.31</b>	<b>5.11</b>	<b>2.24</b>	<b>2.54</b>	<b>1.43</b>	<b>2.44</b>
<b>Cash flow from investment</b>	<b>15.67</b>	<b>-0.62</b>	<b>-1.12</b>	<b>4.33</b>	<b>-1.98</b>	<b>-2.22</b>
Free cash flow	18.98	4.49	1.12	6.88	-0.54	0.22
<b>Cash flow from financing</b>	<b>-23.55</b>	<b>-2.50</b>	<b>-2.62</b>	<b>-0.05</b>	<b>-0.18</b>	<b>-0.21</b>
Change of cash	-4.57	1.99	-0.94	6.86	-0.73	0.01
Cash at the beginning of the period	9.89	5.32	7.30	6.36	13.22	12.49
Cash at the end of the period	5.32	7.30	6.36	13.22	12.49	12.50

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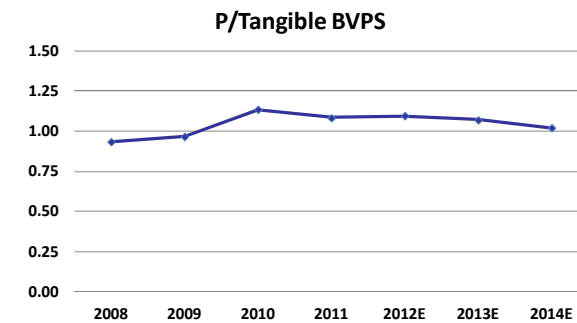
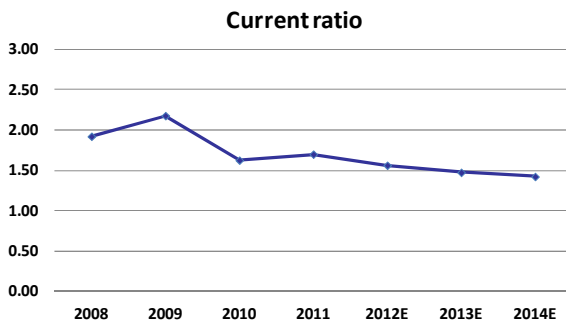
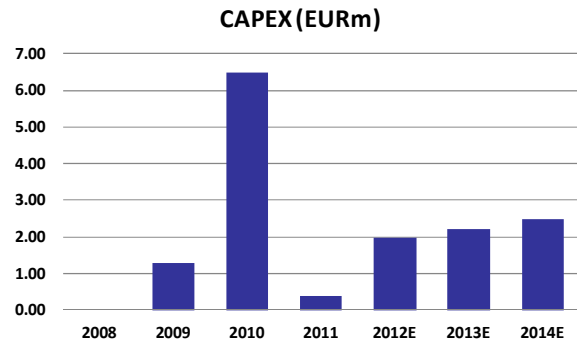
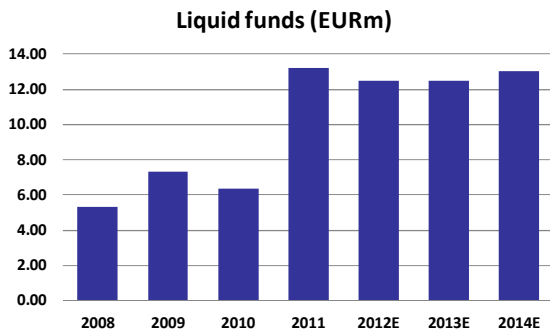
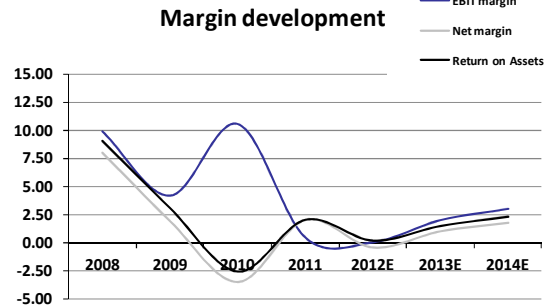
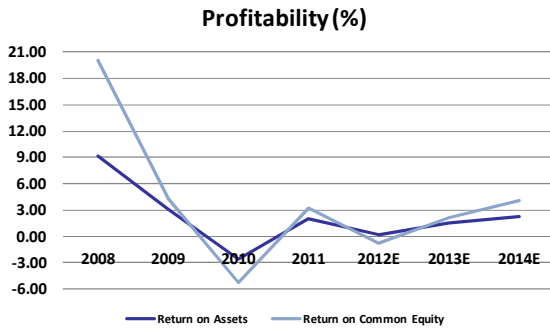
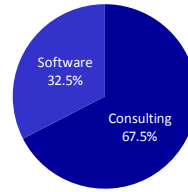
## 10 Financial ratios

Fiscal year	2008	2009	2010	2011	2012E	2013E	2014E	2015E
Gross margin	39.42%	35.65%	48.37%	46.41%	46.41%	46.41%	46.41%	46.41%
EBITDA margin	11.35%	6.02%	13.50%	3.59%	3.18%	5.16%	6.16%	7.16%
EBIT margin	9.92%	4.18%	10.58%	0.43%	0.02%	2.00%	3.00%	4.00%
Net margin	8.05%	1.95%	-3.48%	2.06%	-0.41%	1.04%	1.79%	2.53%
Return on equity (ROE)	20.01%	4.27%	-5.26%	3.22%	-0.71%	2.10%	4.04%	6.14%
Return on assets (ROA)	9.11%	3.08%	-2.60%	2.03%	0.17%	1.49%	2.30%	3.18%
Return on capital employed (ROCE)	16.17%	4.79%	5.17%	2.83%	0.02%	2.16%	3.66%	5.36%
Net debt (in EURm)	-6.44	-7.30	-0.77	-7.82	-7.18	-7.28	-7.92	-9.21
Net gearing	-22.58%	-26.29%	-3.14%	-30.53%	-28.24%	-28.03%	-29.29%	-32.02%
Equity ratio	61.32%	67.19%	49.49%	51.21%	48.81%	46.92%	45.65%	45.18%
Current ratio	1.92	2.18	1.63	1.70	1.56	1.48	1.42	1.41
Quick ratio	1.82	2.04	1.37	1.40	1.27	1.18	1.12	1.11
Net interest cover	-4.78	17.20	21.33	0.82	0.03	3.99	7.16	11.27
Net debt/EBITDA	-0.80	-1.97	-0.14	-5.56	-5.05	-2.72	-2.15	-1.90
Tangible BVPS	4.60	4.44	3.78	3.97	3.92	4.02	4.22	4.54
Capex/Sales	n.a	-2.07%	-16.38%	-0.96%	-4.42%	-4.28%	-4.15%	-4.03%
Working capital/Sales	25.25%	21.10%	19.04%	4.19%	4.19%	4.19%	4.19%	4.19%
EV/Sales	0.24	0.27	0.43	0.43	0.38	0.33	0.28	0.25
EV/EBITDA	2.10	4.55	3.17	12.01	11.87	6.31	4.59	3.49
EV/EBIT	2.40	6.55	4.04	100.49	1887.81	16.27	9.43	6.25
P/Tangible BVPS	0.93	0.97	1.14	1.08	1.10	1.07	1.02	0.95
P/E	3.96	18.86	-16.64	28.60	-127.56	42.80	21.62	13.51
P/FCF	1.20	5.10	20.40	3.33	-42.00	105.44	30.00	16.24

Source: Company data, Dr. Kalliwoda Research GmbH



Sales split 2011



Source: Company data, Dr. Kalliwoda Research GmbH

<b>DR. KALLIWODA</b> RESEARCH GmbH		Rüsterstraße 4a 60325 Frankfurt Tel.: 069-97 20 58 53 www.kalliwoda.com
Primary Research   Fair Value Analysis   International Roadshows		
<b>Head:</b> <b>Dr. Norbert Kalliwoda</b> E-Mail: nk@kalliwoda.com	CEFA-Analyst; University of Frankfurt/Main; PhD in Economics; Dipl.-Kfm.	<u>Sectors:</u> IT, Software, Electricals & Electronics, Mechanical Engineering, Logistics, Laser, Technology, Raw Materials
<b>Dr. Peter Arendarski</b> E-Mail: pa@kalliwoda.com	Senior-Analyst, Msc & Ph.D in Finance (Poznan Univers. of Economics), CFA Level 2 Candidate	<u>Sectors:</u> Technology, Raw Materials, Banks & Insurances, Financial-Modelling (Quant., Buyside)
<b>Patrick Bellmann</b> E-Mail: pb@kalliwoda.com	Junior-Analyst; WHU - Otto Beisheim School of Management, Vallendar (2012)	<u>Sectors:</u> Support Research and Quantitative Approach
<b>Andreas Braun</b> E-Mail: rb@kalliwoda.com	Junior-Analyst; University of Frankfurt/Main (2012)	<u>Sectors:</u> Support Research and Quantitative Approach
<b>Michael John</b> E-Mail: mj@kalliwoda.com	Dipl.-Ing. (Aachen)	<u>Sectors:</u> Chemicals, Chemical Engineering, Basic Metals, Renewable Energies, Laser/Physics
<b>Maximilian F. Kaessens</b> E-Mail: mk@kalliwoda.com	Bachelor of Science in Business Administration (Babson College (05/2012), Babson Park, MA (US))	<u>Sectors:</u> Financials, Real Estate
<b>Adrian Kowollik</b> E-Mail: ak@kalliwoda.com	Dipl.-Kfm.; Humboldt-Universität zu Berlin, CFA Candidate	<u>Sectors:</u> Media, Internet, Gaming, Technology, Eastern European stocks
<b>Maximilian F. Kaessens</b> E-Mail: mk@kalliwoda.com	Bachelor of Science in Business Administration (Babson College (05/2012), Babson Park, MA (US))	<u>Sectors:</u> Financials, Real Estate
<b>Dr. Christoph Piechaczek</b> E-Mail: cp@kalliwoda.com	Dipl.-Biologist; Technical University Darmstadt; Univ. Witten-Herdecke.	<u>Sectors:</u> Biotech & Healthcare; Medical Technology Pharmaceutical
<b>Hellmut Schaarschmidt;</b> E-Mail: hs@kalliwoda.com	Dipl.-Geophysicists; University of Frankfurt/Main.	<u>Sectors:</u> Oil, Regenerative Energies, Specialities Chemicals, Utilities
<b>Dr. Erik Schneider</b> E-Mail: es@kalliwoda.com	Dipl.-Biologist; Technical University Darmstadt; Univ. Hamburg.	<u>Sectors:</u> Biotech & Healthcare; Medical Technology Pharmaceutical
<b>David Schreindorfer</b> E-Mail: ds@kalliwoda.com	MBA, Economic Investment Management; Univ. Frankfurt/ Univ. Iowa (US).	<u>Sectors:</u> IT/Logistics; Quantitative Modelling
<b>Nele Rave</b> E-Mail: nr@kalliwoda.com	Lawyer; Native Speaker, German School London,	<u>Legal adviser</u>

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